

After the crash

Why the Bundesbank opposes a fast track

Monetary union



Health check

How good is WHO under Hiroshi Nakajima?

Don't devalue the brand



# FINANCIALTIM

Europe's Business Newspaper

# network venture

Alcatel of France, the world's leading supplier of telecoms equipment, and Sprint, the US long-distance telephone company, are to form a \$300m-turnover joint venture in date communications systems. The company, Alcatel Data Networks, will sell equipment and systems and will be among the top two companies in the field with an estimated 25 per cent of world market share.

Germany halts defence spending: Germany is to halt all new defence contracts and cancel plans to buy a DM3bn (\$1.8bn) high-altitude US electronic reconnaissance system, as part of a total review of defence spending. Page 14

Electrolux, Swedish white goods manufacturer, is to halve its 1992 dividend to SKr6.25 (81 cents) a share. The move, likely to be followed by other Swedish companies, came in spite of virtually unchanged profits. Page 15; Lex, Page 14

Japanese rate cut awaited: The Bank of Japan is expected to cut its official discount rate today from 3.25 to 2.5 per cent, after its governor, Yasushi Mleno, said the economy was in need of support. Page 4

Defors orders Hoover inquiry: Jacques Delors, European Commission president, has asked Brussels to investigate whether Hoover's relocation of jobs from France to Scotland infringes EC regulations. Page 2



Israeli prime minister Yitzhak Rabin insisted Israel retained the right to expel Palestinlans and implied that the US had condoned December's expulsion of 400 alleged Islamic militants, His speech seemed certain to complicate prospects of resum-ing Middle East peace talks which Washington

wants reconvened within weeks, Page 14 Bérégovoy admits taking loan: France's prime minister Pierre Bérégovoy said he had acted properly in receiving a FFr1m (\$180,000) interest-free loan from a husinessman later charged with Insider dealing. Page 2

US set to pass family leave bill: A bill that would require most companies to provide up to 12 weeks' unpaid leave for family emergencies looked likely to pass into law. Former president George Bush vetoed the bill twice. Page 5

US air force contract: The US air force has awarded a \$724m personal computer contract to Zenith Data Systems, an arm of Groupe Bull, and Government Technology Services of Virginia, ending a long running saga. Page 3

GTE sells lighting division: GTE of the US has sold its \$650m-turnover GTE Sylvania International lighting operations in a management buy-out, for an undisclosed sum. Page 15

Dublin move on peace talks: Ireland's new foreign minister Dick Spring offered to hold talks with Northern Ireland's Unionist leaders in an effort to unblock stalled peace talks.Page7

Salomon shares rise: Salomon shares rose sharply after the company reported fourth-quarter profits of \$143m thanks to a strong showing from

its Wall Street securities brokerage. Page 15 Chrysler, US carmaker which raised \$1.78bn on Tuesday in an international share offering, was upgraded in Ite credit rating by Standard & Poor's. Page 18

Budapest prepares sell-off: Hungary said it planned to privatise its main utilities this year, including telecoms, gas distribution and electricity sectors, as well as state-owned commercial banks.

BFG Bank, German bank majority-owned by Credit Lyonnais of France, made a net loss of DM1.1bn (\$681m) last year after raising provisions against problem-country risks.

London bomb chaos: Two bombs, assumed to be the work of the Irish Republican Army, exploded on London's transport network. No one was burt.

Kurwaiti han defied: Kuwaiti MPs and journalists said they would defy a ban on issuing unsanctioned information on alleged fraud in the management of Kuwait's overseas investments. Page 4

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# Alcatel and Sprint Banks lend Daf short-term funds form \$300m data Banks lend Daf short-term funds

By Kevin Done and Robert Peston in London, David Brown in Amsterdam and Andrew Hill

DAF'S nine leading bank creditors yesterday threw a tem-porary lifeline to the collapsed Dutch commercial vehicle maker by granting it F160m (\$32m) in new bank facilities.

Daf, which has a workforce of 12,650, was forced to file for protection against its creditors on Tuesday after running up losses Fl 800m in the last three years. The fresh bank funds are sufficient to allow Daf to pay wages and meet other trading expenses for a month. In that period, the receivers of Daf's European businesses, operating under Dutch.

Belgian and British insolvency

laws, will review the long-term

UK plants could be excluded from plan THE DAF CRISIS to save Dutch and Belgian operations

prospects of its operations.

Administrative receivers were appointed late yesterday to Dafe main UK operations while in the Netherlands strenuous efforts were under way to salvage the Daf operations.

Dutch government officials met union leaders and provided guarantees that the payroll would still be met. It would act as a short-term financier in the unexpected event that the bank consortium, led by ABN Amro, failed to provide bridging finance. It is understood that an attempt is being made to create a and regrouping its heavy and

new company in the Benelux countries, which could include Daf's present medium and heavy truck production units based there. It is unclear if any of the UK operations would be included. Mr Koos Andriessen. Dutch economic affairs minister, said he believed that Daf could survive

in a concentrated form bot warned of painful job cuts. A spokesman for Mr Luc Van den Brande, who heads the Flanders government in Belgium, said that the receivers were considering liquidating the old company medium track activities in a new business. He said other plans were also being considered. The new bank funds came from a banking syndicate led by ABN Amro. It includes Rahobank of

the Netherlands, Générale de Banque of Belgium, Credit Lyon-nais of France and three UK banks, Barclays, Lloyds and National Westminster NatWest has taken charge of co-ordinating bank creditors in the UK, though ABN Amro retains the lead role in the Netherlands:

All the UK banks participated in the new Fi 60m loan, even

Danish Krone

though they had refused on Monday to contribute to a FI 50m bridging loan because of last-minute insistence by the Dutch government and Flemish regional authorities that the banks also provide a guarantee of long-term

financial support.
UK banks are hopeful that the main manufacturing plent at Leyland in north-west England will not be forced to close. "It is one of the most modern in Europe", a senior banker said. However, the site near Birmingham is unlikely to continue in business unless a buyer can be

According to details of the orig-Dal rescue plan, which was rejected by the banks and the Dutch and Flemish governments on Monday, the banking syndi-

cate was being asked to provide F150m in a short-term bridging loan, at least a further Fl 100m in additional loans over the coming two or three years and was also being asked to convert Fl 100m of debt into equity.

Other creditors asked to make sacrifices included the investment banking arms of the Dutch government and the Flemish regional government, which last year lent Fl 67m and BFr2.2bn (\$65m). Holders of preference shares and of Fl 150m in bonds would also have been asked to convert part of what they are owed into ordinary shares

**Pound hits** 

record lows

By Philip Stephens, James Blitz

STERLING fell yesterday to

and Peter Norman in London

in heavy

trading

#### European crisis deepens as currencies weaken and slow growth threatens Emu

# **Speculators push Danish** krone to floor in ERM

By Hilary Barnes In Copenhagen and

THE DANISH krone fell victim to an intense burst of speculation inside the European exchange rate mechanism yesterday, tumbling to its floors against three currencies in the system.

The Danish authorities raised

short-term interest rates, and European central hanks intervened to support the currency as it fell to its lowest permitted floors against the punt, the guilder and the D-Mark.

The pressure on the krone, which followed the weekend devaluation of the Irish punt, has raised speculation among currency dealers that another realignment of the RRM will be

Yesterday's new round of ERM turbulence came despite a tiny reduction in the cost of ehort-term borrowing by the Bank of France and a half percentage point cut in Italy'e discount rate, to 11.5 per cent. The French move did not prevent the franc slipping by nearly % a cen-time against the D-Mark by the

In Copenhagen, Mrs Marianne Jelved, economy minister in Den-mark's new Social Democratic-led administration, said the government would not waver in its support for the krone.

end of London frading.

She warned speculators: "It will be expensive not to listen to what I am saying." The central bank increased the rate at which it huys certificates of deposit

GOVERNMENT BONDS Page 20 ■ Denish bonds tumble # Sterling reverse floaters Page 14 **E**Currencies Page 32

from commercial banks from 11.5 to 13 per cent. The government yesterday presented a set of gloomy forecasts, predicting higher unemployment, lower growth and a larger budget deficit than pre-

dicted by its predecessor.

Unemployment is forecast to rise to 11.6 per cent on swerage this year from about 11.1 per cent in 1992. Growth in gross domestic product would be about 1.9 per Against the D-Mark (DKr per DM) 3.87

cent compared with the 2.6 per cent forecast by the outgoing government in December and with an actual growth rate of about 1 per cent last year.

Inflation is expected to fall from 2.4 per cent in 1992 to 0.9 per cent in 1993 with the balance of payments remaining in sur-plus to the same of about DKr38bn (\$4.8bn), or 3.4 per cent of GDP. But the budget deficit is expected to rise from about European Community standards.

DM per 2 1.54 1.52 1,50 240

DKr38bn in 1992 to DKr48bn. The Italian discount rate cut followed the publication yesterday of January's inflation figures which showed prices were rising on an annualised rate of 4.3 per cent, the lowest in more than five years. The discount rate is now down by 3.5 points from the high of 15 per cent during last September's currency crisis, although real interest rates remain high by

record lows against the D-Mark, the French franc and the yen in one of its most turbulent days since leaving the European exchange rate mechanism last September. Senior ministers insisted last night that the UK government would "keep its nerve". With the collapse of Daf, the Dutch-based truck manufacturer which has big UK operations, delivering a

further blow to the fragile prospects for economic recovery, there is no appetite in Downing Street for a rise in interest rates to stabilise the pound.

But some of Mr John Major's cabinet colleagues were acknowledging that, if the pound's slide accelerated, it would threaten the anti-inflation strategy. If mone tary conditions were no longer consistent with sustained, non-inflationary growth, Mr Norman

Lamont, chancellor of the exche-

Continued on Page 14

# Low EC growth a threat to plans for Emu

By Lionel Barber in Brussels

LOW GROWTH in 1993 and 1994 threatens the EC's plans for economic and monetary union, Mr Henning Christophersen, EC economics commissioner, said yes-

"The big risk is that there is no growth. If there is nothing to mprove the growth rate, there could be some doubts about the [economic convergence] criteria for some countries," the Danish commissioner told reporters.

He was commenting on the European Commission's annual economic report for 1993 published yesterday which forecasts growth of 1.8 per cent in the Community next year, following 0.8 per cent this year.

The Commission also predicts

that unemployment in the Com-

this year, and 11.5 per cent in 1994 - meaning that about 18m people in the EC could be out of work next year.

Mr Christophersen conceded that the poor growth outlook raised questions about whether. member statee could meet the tough criteria on economic convergence outlined in the Maastricht treaty as a precondition for economic and monetary union., He repeated calls for Germany to cut its interest rates to stimulate a recovery.

The Commission has generally avoided statements which could be viewed as challenging Emu's credibility. While Mr Christophersen said he was confident that a majority of states would be ready to sign up to Emu in 1997, he acknowledged there was a "strong link" between EC efforts munity will rise to 11 per cent to promote growth and the imple-

mentation of the Maastricht's convergence programmes.

The Commission's annual report, which was approved at

yesterday's weekly meeting of the Commission, shows that only four counties - Denmark, France, Ireland and Luxembourg - met Maastricht's budget deficit criteria last year.
The EC deficit average

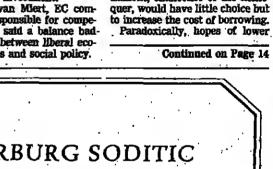
increased from 4.6 per cent of GDP in 1991 to 5.3 per cent in 1992. The UK public finances showed a marked deterioration, with the deficit shooting up from 2.8 per cent of GDP in 1991 to 8.2 per cent in 1992 and a likely 8.3 per cent and 8.2 per cent in 1993 and 1994 respectively.

Differences between member states' inflation records narrowed by about 0.7 per cent to 4.6 per rt, but the ble than in the US and Japan.

Recent devaluations inside the European exchange rate mechanism threaten to revive inflation among member states, the report

At the Commission meeting yesterday, several commissioners were reported to have expressed concern about continuing instability inside the ERM, and "social dumping" - whereby workers' rights are downgraded to attractinternational investment. Mr Karel van Miert, EC com-

missioner responsible for competition policy, said a balance bad-to be struck between liberal economic policies and social policy.





By David Waller in Frankfurt end David Brown in Amsterdam

SHARES IN Fokker lost a quarter

of their value yesterday after the hard-pressed Dutch aircraft manufacturer said it had approached Nationale Investeringsbank, the Dutch etate-owned bank, for a loan of up to Fl lbn (\$540m). The move intensified fears that Deutsche Aerospace (Dasa), the aerospace subsidiary of Germany's Daimler Benz, was considering abandoning its plan to acquire a controlling stake in Fokker. It was also taken as a sign of mounting financial difficulties at the Dutch company.

Fokker shares closed 24.4 per cent lower at Fl 10.20. The shares

were also dragged down by con-cern over the collapse this week of Daf, the Dutch truckmaker.

Although Dasa said it was still

Fokker 92 ... interested in taking control of

Fokker, the German company is

understood to be demanding a

restructuring of the provisional

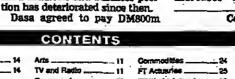
takeover agreement signed at the end of October, arguing that Fok-ker's financial and business posi-

(\$553m) for a 51 per cent stake in Fokker as part of its long-term plan to create a new European regional aircraft consortium. But the German group is understood to believe that after the deterioration of the civil air-craft market, which has particularly hit regional and commuter aircraft makers like Fokker, the capital injection from the Dutch authorities agreed under the orig-

inal proposal is now insufficient Dasa is anxious to avoid repeating with Fokker the embarrass ment of refinancing a company shortly after acquisition as it did after buying Dornier, the German

It is willing to increase its own pany if the Dutch government increases its cash support.

Continued on Page 14



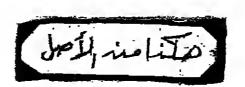
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#### **Brussels** expected to clear Hoover

By David Gardner in Brusseis

MR Jacques Delors, president of the European Commission, has asked the Brussels civil service to investigate whether Hoover's relocation of johs from Dijon in France to Camhuslang in Scotland infringes any EC regulations.

The investigation follows a complaint from France, which the Commission must examine. Mr Delors and Mr Padraig Flynn, the social affairs com-missioner, are to meet a dele-gation of workers from Hoover's Dijon plant in Brussels today, hy when the Commission is expected to have con-cluded that it has no grounds

to act in the controversy. While officials in Brussels strongly criticise the fact that Hoover's new Scottish workers will have no access to pension rights and sickness benefit for

Nevertheless, Mr Delors is expected to use the Hoover case to press bard for a relaunch of the EC's social action programme, aimed at raising working conditions and rights, when the new Commission is invested by the European Parliament next week.

On Monday Mr Delors attacked the practice of "jobpoaching" by the levelling downwards of workers' rights In order to attract invest

Though he did not mention the UK or the Hoover case, French ministers meeting in Brussels did. The Commission president is also likely to raise the case at a European Socialist conference on johs and growth in Brussels today.

Aides to Mr Delors say cases such as Hoover are bringing the EC further into discredit among workers unhappy about the Community's inability to generate growth and jobs.

One senior French official at the Commission remarked that this looks very bad for Delors in France," where he is believed still to nurse political ambitions to succeed President François Mitterrand.

The Commission's social day examining whether the Hoover deal infringed highly technical clauses in the 1980 insolvency directive. These relate to adequate protection for workers in the hypothetical event of insolvency, and in this case focus on Hoover's use of surpluses in its UK group pension fund to invest in the com-

Officials acknowledge they are going through the motions, since the existence of the surplus indicates full coverage were Hoover to close.

# The arguments about switching jobs between countries are not so simple, writes David Goodhart, Labour Editor

THOMSON Consumer Electronics, the state-owned French group, last year rationalised its European operations by closing its Ferguson television plant in Gosport, southern England, with the loss of more than 2 000 lobe

than 3,000 jobs. The event scarcely merited a mention at the time on either side of the Channel. But some British trade unionists are now recalling it, as the acrimonious dispute over the transfer of work from Hoover's plant in eastern France to Scotland

This sort of cross-channel sniping reflects how completely relations between British and French unions have broken down.

But it also illustrates the difficulty facing unions in dealing with the ehh and flow of jobs across the European CommuStock of investment in the EC - 1991



duced restructuring begins.
Following the British opt-out from the Maastricht social chapter, and the subsequent devaluation of sterling, many continental European workers and politicians fear that capital

expense.

The propaganda material of Britain's inward investment agencies certainly stresses the relative freedom of Britain's "hire and fire" workplace cul-

labour costs.

But the reality is that nelther the opt-out nor the devaluation were factors in Hoover's decision to shift some jobs to

Social dumping: hardly an open and shut case

Britain has always had a relatively unregulated labour market which used to be quali-fied by strong trade unions, now considerably weakened. British wages are also low by EC standards, but the real advantage enjoyed by the UK is low non-wage labour costs. These are usually about 15 per cent of wage costs compared with more than 50 per

cent in many other EC countries. That is partly because the UK pays for health care through general taxation while employers have to bear a large part of health care costs in several continental countries.

This clearly was just one fac-

is not something that the social chapter directly affects. Mr William Foust, president of Hoover Europe, said yesterday that non-wage labour costs of only 10 per cent in Scotland. compared with 45 per cent in France, was a factor in the company's decision. But the

decision was also influenced by the fact that the Scottish plant had spare capacity. Hoover's decision is unlikely to herald any significant increase in Britain's comparative advantage. It is based on long-established factors which Hoover, a particularly footloose US Investor in Europe. has often found attractive in

Indeed Britain has always been the most popular destina-tion for new international investment within the EC (see chart) and that has not

Until German cur workers started to worry about the Jap-anese car industry investing in Britaln, new international investment had not been the source of much tension, ond is unlikely to be much of an issue over coming years as that new investment will not be plenti-

On "heggar-my-nelghbour" industrial restructuring within the EC, where one country loses jobs and another gains them, things are more com-

But as the Thomson Elec-tronics case illustrates, Britain has ofton lost out in such restructuring precisely because it is easier and cheaper to close plants in Britain than in most

in the Thomson case at Gosport the average redundancy with \$71,000 in Spain. In Ilol-land, Spain, and Germany agreement on a redundancy package has to be reached with workplace representatives before closure is allowed. If, for example. British Leyland Daf decides to keep open its Bel-gian and Dutch plants and close only its British plant, as scemed poseible yesterday, that differential cost of redundancy is likely to be a factor.

Britain also loses out from its relatively low skill base and poor educational standards, one reason behind Ford's decision to switch more of its R&D work to Germany. The "social dumping" theory that capital will flow to areas where labour is cheapest and least protected. dragging down labour standards elsewhere, has scarcely materialised in the EC because low wages are usually can-celled out by low productivity.

# French promise to make Hoover pay dear

tracts, most contend that the jobs transfer breaks no rules.

David Buchan in Dijon discovers why the switching of jobs to Scotland touched such a raw nerve

> outside Hoover's Longvic plant which is to lose most of its jobs to a more compliant Scottish workforce.

"We've nothing against the Scottish workers, just against Maytag (Hoover's owner) and the British government for not signing the European Social Charter, adds another worker. "The big lesson of the Hoover affair, says Mr Jean-Claude Quentin, secretary general of the local Force Ouvrière trade union, "is that social dumping does not necessarily come from south-east Asia, but from among us Europeans."

What is social dumping? Mr Richard Rankin, marketing director of Hoover Europe, says he is not sure. For him, Hoover has simply made a husiness decision to stem the red ink on its European operations by shifting all its vacuum cleaner production to its Cambuslang plant near Glasgow. This will entail the loss of 650 jobs at Longvic on says it will save 25 per cent on Its costs by having all vacuum cleaners made in one place.

What is clear to everyone in France, as Mr Rankin ruefully acknowledges, is that "we have upset - and provoked a powerful reaction from - the French government, and we will have to deal with it."

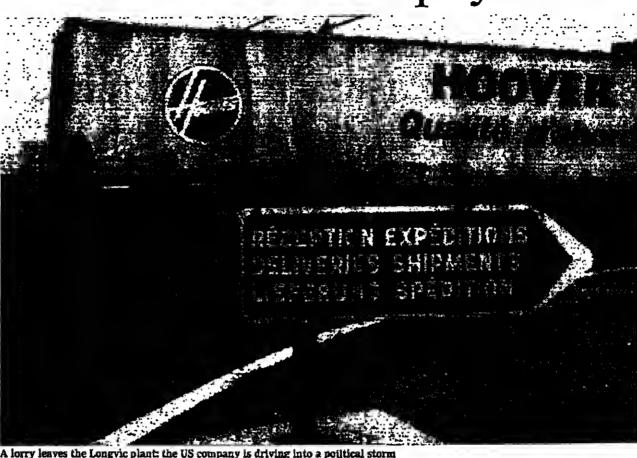
That is an understatement. Egged on by all political and union leaders, the French government has asked the European Commission to investigate whether Hoover was

"IT IS social dumping, and it's shameful," says a striker, stamping his foot yesterday cessions, into shifting production to Cambuslang, and made clear that it will make Hoover

pay dear for its decision. It is not clear whether Hoover will be able to carry out its decision. The government, for example, says the Hoover redundancies will be among the first to be affected by the new law sponsored hy Mrs Martine Auhry, the labour minister who is also the daughter of Mr Jacques Delors, the European Commission presi-dent. This law requires employers to produce alternative employment plans for redundant workers, and that without the approval of the government, and effectively of the unions, redundancies will be legally invalid.

Why has the Hoover affair struck such a raw French nerve? It is not just that unemployment is humping up against the 3m threshold less than two months before a general election, or that it is another sign that high interest rate are killing the French economy. Other foreign companies are quitting France for lower cost venues, including

the UK, with far less fuss. What has aroused French fury is the public concessions made by Scottish workers to win 400 extra jobs at Cambus-lang. These include limited period contracts for new workers, constraints on their right to strike, a freeze on regular pay this year and cuts in overtime pay rates, flexible working time and practices and the



A lorry leaves the Longvic plant: the US company is driving into a poiltical storm

on the factory floor.

To the French, this is a clear case of the competitive undercutting of worker pay and standards to attract investment, or social dumping as it is catchily known on the continent.

Not surprisingly, the Hoover management contests this. Mr Rankin says the company's decision to shift to Scotland was made on its calculation that it would cut costs by a quarter and that this calculation does not include the Cambuslang workers' concessions.

Rankin, was the fact that social charges amount to 40 per cent of the payroll in France and only 15 per cent in the UK. Actual pay rates in the two countries are similar, as was

the government aid offered. Why then did Hoover press its Camhuslang workers so hard? "We have responsibilities to our customers to produce as efficiently as possible, to our shareholders to save their money, and to our workforce." Mr Rankin says. "You may not think we have exer-

regard to the Dijon workforce. hut we have in regard to Camhuslang and our total 3,600 workforce in Europe."

But Hoover never sought similar concessions from its French workforce. Why nnt? "The savings were so great in shifting to Cambuslang that the Dijon workforce would have to have made enormous concession to offset these," Mr Rankin says. Hoover would not, in any case, have found the Longvic workers phable. Mr Jean-Marie Groscolas, disand leader of the protesting workforce, says they offered to freeze their pay this year, but would have flatly refused any other concessions.

Alternative job prospects for the Hoover workers are not promising. The Burgundy region jobless rate has risen sharply in the last year.

None the less, its prosperity remains weil above that of the Glasgow region. That economic gap explains much of the different attitude of the workers of Scotland and Burgundy.

#### Another **US** group deserts France

By William Dawkins in Paris

THE controversy over loss of foreign investment in France deepened yesterday when two US companies - the paper group Kimberly-Clark, and a subsidiary of S C Johnson, the maker of cleaning products both confirmed reductions in

their operations. Eurofab, an S C Johnson off-shoot which makes Johnson's Wax near Tours, is to close with the loss of 193 jobs by June, to concentrate production at larger and cheaper sites at Mijdrecht in the Netherlands and Frimley in Britain.

This was part of a European restructuring plan announced by S C Johnson last Septem-ber, in which plants in Spain and Portugal will also close with the loss of 400 jobs out of a European workforce of 3,250. The group wanted "to concentrate production on high volumes and leading edge technologies, allowing the optimi-sation of quality and the cre-ation of integrated supply chains. The level of investall European production sites could benefit," it said.

Kimberly-Clark, meanwhile, is to cut 312 jobs st a plant near Rouen, one of its two French plants. About 150 workers will remain at the plant, which makes paper handkerchiefs, kitchen toweis, hygiene products and Industrial rass. The US group is investing FFr80m (\$14.9m) to update the plant, and concentrate Its European production of Kleenex there. No jobs are being transferred abroad.

# Kohl fails over subsidies for east

By Quentin Peel in Bonn

THE German government is to press ahead with draft legislation to implement its planned solidarity pact for east Germany, after Chancellor Helmut Kohl failed to reach agreement on sharing the hurden yesterday with the premiers of the 16 federal states. The battle over how to

finance the soaring cost of subsidies to east Germany has now been postponed to a full-scale conference between the central government and the federal states, scheduled for March 11 and 12, the two sides announced last night. In spite of the recognition

that there are profound differ-ences between them, and the government's insistence that It will now press ahead with its own plans for a supplementary budget, and longer term spend-

willingness to keep negotiating on an overall agreement. The need for both the central

government and the states to agree on a comprehensive package of budget cuts in the west, in order to finance subsi-dies in the east, was undoubtedly underlined by Mr Helmnt Schlesinger, the president of the German Bundesbank, who attended yesterday's talks between Mr Kohl and the 16 state premiers.
Mr Kurt Biedenkopf, prime

minister of the state of Saxony. in east Germany, and a Christian Democrat such as Mr Kohl, said everyone accepted the need to agree a package. He said that they were not simply arguing over dividing up budget cuts, but over a complete new system of public spending in the country.

The tussle is focused on a budget gap of DM110bn (\$70hn) calculated for 1995, the year when a new division of taxes, and financial subsidies to the pourest regions, has to be agreed between central government and the states in both east and west. Until then, subsidles to the east are being borne hy the German Unity Fund, largely financed by borrowing on the capital markets. The new eystem will then dictate the distribution of funds between east and west

for the foreseeable future. The decision to table draft legislation in the cabinet on over hurden sharing.

governments. Arbitration also starts in the

March 4, the day after Mr Kohl returns from a trip to the Far East, is influenced by the government's determination to maintain the pressure on all the parties to the proposed pact, and not allow it to be delayed by the complex debate There is growing confidence in government circles that a

reasonable compromise can be

reached in the ongoing wage talks with public sector workers, which reopened in Stuttgart yesterday. A settlement of around three per cent, compared with a current inflation rate running still above four per cent, would be a great relief to both central and state

east today on the dispute between engineering workers and employers on long-term wage contracts: the employers are fighting to delay payment of a 26 per cent pay rise, due on April 1, and equalisation of eastern and western wages from April, 1994.

Reasonabls wage deals on both fronts would be seen as a crucial contribution to the so-called "solidarity pact," in exchange for which the government is ready to prolong its subsidies of eastern manufac-

#### Bérégovoy admits taking loan

By William Dawkins in Paris

MR Pierre Bérégovoy, the

French prime minister, yester-day admitted receiving a FFrim (\$180,000) Interest-free loan from a husinessman later charged with insider dealing. He said he had acted properly. The incident, unearthed by the satirical newspaper Le Canard Enchaîné, could damage Mr Beregovoy'e image in the run-up to the March parlia-mentary election, though he

has acted within the law and limited the impact hy openly acknowledging the loan.

Mr Béregovoy has huilt a reputation for integrity. He launched a campaign against political corruption last year, when he tabled an abortive hill to ban business donations to political parties. His own Socialist grouping rehelled against the plans, on the grounds that they would leave the party short of cash, and

ensured they were watered Mr Beregovoy told Le Canard Enchaîne he accepted the loan in September 1986 from the late Mr Roger-Patrice Pelat, to go towards the purchase of a flat in Paris. He declared the loan to the tax authorities and repaid it in advance, following Mr Pelat's death in 1989.

Mr Pelat, a friend of Presi-dent François Mitterrand, was charged with insider dealing in 1988, after making a profit on huying and selling shares in Triangle Industries before its acquisition by Pechiney, the French state-owned aluminium and packaging group. Mr Pelat died before a trial could be Czechs, Slovaks in sell-off row

THE new Czech Republic is demanding Kcs19hn (\$655m) from Slovakia to compensate it for the loss that it claims arises from the sale of state assets before Czecboslovakia split into two republics at the start of the year. It has threatened to seize Slo-

vak assets if the money is not paid. The row over assets privatised in the former Czechoslovakia is threatening to cause further friction between the

By Patrick Blum in Prague

two new republics. The Czech government says that the Slovaks must make up for the difference in the value of privatised assets bought by Slovak investors in

last year's voucher privatisa-

The Czechs says Slovak investors took up a far greater proportion of equity in Czech companies than Czech Investors in Slovak ones, and that this represents a massive financial handout to Slovakia. lt wants the Slovak government to pay Kcs19bn in compensation, but the Slovak authorities say that they are willing to pay only about

Mr Jirl Skalicky, Czech privatisation minister, says that unless an scceptable compromise is reach in three weeks, Slovak assets will be seized. He says the Czech government offered more property for pri-

and that the privatised Czecb companies have a higher real

value than their Slovak counterparts. "In our agreement on dividing the [Czechoslovak] state last year it was also agreed that privatisation should continue but that it should be balanced." he said. • The old Czechoslovak crown will be split Into sepa-rate Czech and Slovak curren-

cies next Monday, the governments of the two new republics said following approval for the move by their respective parllaments.

From today citizens in both republics can change Kcs4,000 for newly-stamped Czech and Slovak hank notes at banks and post offices.

# New technology ruffles HDTV plan

By Andrew Hill in Brussels

THE European strategy for developing wide-screen cine-ma-quality television risks being overtaken hy different technologies and may have to be revised, according to the EC's new telecommunications

But Mr Martin Bangemann. the EC's industry commissloner, said the objective of European high-definition tele-vision (HDTV) would not be abandoned, and the Commission would not renounce its five-year Ecu500m (\$615m) "action plan" to develop HDTV. "We can't reinvent the world every day," he said.

responsibility for telecoms, including HDTV, last month. The original objectives of the action plan have been thrown into doubt in recent months hy British opposition to the strategy. The UK believes the cost of the plan is not justified and that the full HDTV standard backed hy the Commission -known as HD-Mac - could soon be overtaken by digital

norms, which can be used for terrestrial as well as satellite hroadcasts. Mr Bangemann said: "At this stage we don't see any signs of the UK showing more flexibil-

Under those circumstances,

Mr Bangemann took on he added, the Commission's original mins the Commission's original might have to revise its strategy, taking into account that digital technology could become a feasible alternative to HD-Mac within three to four

He suggested a revised action plan might concentrate funds on the development of wide-screen television equip-ment, "flat" television sete with liquid crystal displays, and the production and conversion of programmes which could be broadcast in the wide

There seems to be a growing realisation even among supporters of the HD-Mac strategy that further delay will undernal ohjsctives. Earlier this week, Philips, the Dutch equip ment manufacturer, said it would not move to production of HD-Mac television sets unless funding became availabls for programmes in the same standard.

Mr Bangemann stressed that he had not yet discussed his ideas with industry and member states. If he attempts to change the strategy too radi-cally hs will face fierce opposi-tion from the Netherlands and France. They are solldly behind their manufacturers, Philips and Thomson, both of which have invested heavily in HD-Mac technology.

# French urged to adopt limited PR

A FRENCH multi-party commission yesterday suggested introducing come proportional representation into the electoral system. which currently gives large parties the lion's share of seats in parliament, Reuter reports

But small parties with little or no parliamentary voice the environmentalist groups Generation Ecologie and the Greens, the Communists and the far-right National Front - called for mors radical

changes. Mr Pierre Bérégovoy, the Socialist prime minister who appointed the commission last June to look into reform, noted that no changes would be made ahead of parliamentary elections in March.

The report should become a reference work for any government wanting to resolve the ongoing debate on the electoral system, he added.

The 19-member group of par-

vatisation than the Slovak one,

llamentarians and legal experts suggested that once tenth of the 577 National Assembly members be elected by proportional representation. The remaining deputies would be elected by the cur-rent system - by which candi-

dates go to a second, first-past-the-post round of voting if they fail to win an outright majority in the first The current system means parties such as the combined ecology list, tipped by opinion polls to take as much as 20 per cent of the vote, could win just

a handful of seats in March.

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Vance and Owen seek to overcome Washington's reservations

# Mediators push Bosnia peace plan

THE international mediators for a settlement of the Bosnian conflict, Mr Cyrus Vance and Lord Owen, continued their uphili battle yesterday to win the UN Security Council's and the US's endorsement for their

peace plan.

In the face of what appear to be serious reservations by the Clinton administration about aspects of the plan deemed to favour the Serbs, the mediators have adopted a remarkably robust stance to hammer home their view that the proposed solutions are fair and equita-

Lord Owen in particular has not hesitated in newspaper and TV interviews to pour ridicule on the arguments of members of the American political establishment who, while calling for international military intervention to stop the killing of Bosnian Moslems, do not seem to be prepared to send ground

troops to Bosnia. Calls for the lifting of the UN arms embargo to help the Bosnian Moslems have been given equally short shrift by Lord Owen, who has pointed ont that such a move would lead not only to an intensification of the fighting, but would not be accepted by the British or the French, let alone the Russians. The consensus that has been built up in the Security Council since the end of the cold war could thus be com-

Even Mr Cyrus Vance, the mer US Secretary of State, has lost his customary calm under persistent criticism of his negotiating stance. He treated a suggestion at a press confer-



Lord Owen (left) and Mr Cyrus Vance, co-ordinators of efforts by the United Nations to end the civil war in Bosnia-Hercegovina speaking to reporters at a news conference at UN headquarters in New York yesterday

that he was appeasing the Serbs as "absolute hogwash" which made him "pretty damned angry".

From Mr Vance, that is fighting talk. The mediators, whose plan has been approved by at least

four of the five permanent members of the Security Council, were due to continue their consultations with the other 10 Council members yesterday.

• Laura Silber adds from Belof Krajina yesterday, amid clashes in the disputed territory and throughout Bosnia Hercegovina. Serb commanders in Krajina accused Croat forcee of pushing forward across UN lines, Belgrade radio

Mr Boro Martinovic, a member of the self-styled Krajina government, yesterday confirmed that UN officials were meeting both sides in an ending the clashes. He said Krajina's Serb leaders had been invited to attend talks at the UN. "But we continue to insist Croat forces unconditionally withdraw to the confrontation line, as called for by the Security Council," he added by telephone. from Knin, the

In Bosnia the UN High Commissioner of Refngees suspended humanitarian convoys along the route from the

mountain-top centre of Kraj-

Sarajevo. A UNHCR relief conyoy on Tuesday was shelled in a valley near Mostar, killing one person and seriously wounding another. Croatian radio blamed the attack on Serb forces.

Further south, the radio said Serb forces yesterday launched counter-offensive on the Mos tar-Stolac lines. In a conflicting report, Srna, the Bosnian Serb agency said Croat forces

#### Romania private sector surging

By Virginia Marsh

ROMANIA'S fast-growing private sector, concentrated in trade and services, contributed more than 25 per cent to gross domestic product last year, the national statistics commission's preliminary report for 1992 says. The 400,000 private compa-

nies and husinessmen regis-tered since 1989 handled 32 per cent of imports and 28 per cent of services last year, dou-bling their share of retail sales to 45 per cent.

But private-sector growth failed to offset the continuing state-sector decline, with GDP falling about 15 per cent to \$510 (2837) per head, making Romania the poorest country in Europe after Albania.
Industrial production, more

than 90 per cent state-con-trolled, fell 21.8 per cent last year, contributing to a 54 per cent drop in output since 1989. Agriculture, where privatisa-tion has been faster, saw a 9.2 per cent fall in output. The report cites shortages of raw material imports as a main

A 18.6 per cent increase in exports helped narrow Romania's trade deficit to \$938m. down from \$1.3bn in 1991. Top exports in 1992 included metals and metal products, textiles and chemicals.

The budget deficit jumped to 3.6 per cent of GDP, against per cent in 1991. Inflation fell to 199 per cent, down from 265 per cent in 1991. But devaluation since the summe

STOCK KOLM ...... MOSCOW ...... BRUSSETS ...... IONG KONG ..... SEOUL .

# Hungary signals state utilities sell-off this year

HUNGARY, anxious to maintain the momentum of foreign investment and privati-sation, is to sell its main national ntilities this year, the government announced yesterday.

Telecommunications, gas dis-

tribution and electricity sec-tors, as well as the state-owned commercial banks, all stood on the threshold of privatisation, said Mr Tamas Szabo, minister for privatisation.

Big western European gas utilities, France Telecom and British Telecom have already examined their Hungarian counterparts; and Bayerische Landeshank, the Bayarian bank, expressed an interest in taking a stake in Hungary's Magyar Külkereskedelmi Bank.

The authorities have given no precise timetable but Mr Szabo said that the transactions would get under way this year and some could be completed before the end of the

Hungary needs the "big projects" to take up the running from consumer goods and food companies which have provided the momentum for priva-tisation so far. The finalisation of large deals is essential if Hungary is to follow up last year'e foreign investment inflow of an estimated \$1.7bn (£1.18bn) and privatisation pro-

ceeds of Ft67.6bn (£553m). The large transactions are particularly important at a time when Hungary - which has accumulated more foreign Europe put together - faces competition from Poland and the Czech Republic

Budapest's ambitious programme for utility privatisation depends heavily on the government's ability to draw up and pass through parlia-ment legislation setting regulatory frameworks for each sec-tor. Potential investors' valuations of their acquisition

targets hinge on price regula-tion and so far only a telecommunications act is in place. The privatisation of Hungary's four large state-owned commercial banks similarly rests on the implementation of a coherent strategy to "consolidate" institutions' bad loans. The Finance Ministry, at odds with the privatisation authorities, is reluctant to countenance a deht write-off euffi-

The ministry, under pressure from an International Monetary Fund delegation currently in Budapest, is worried about the budgetary consequences of a debt write-off.

ciently generous to make the

The authorities, torn by internal divisions, have delayed a formai announcement that Credit Suisse First Boston, the investment bank, has won the hotly-contested ment on privatisation strategy

for the banking sector.

The drive to privatise the utilities and banks must also contend with a heightened political sensitivity about foreign economic domination, much in evidence at the recent annual congress of the Hungarian Democratic Forum, the

# **Groupe Bull offshoot to**

personal computer arm of Groupe Bull of France, and Government Technology Services Inc. of Chantilly, Virginia, have been jointly awarded a controversial \$724m. (£479m) contract to supply personal computers to the US air

The award of the contract, as Desito Four. should end one of the longestrunning sagas in recent military procurement history. Ironically, the contract, for about 300,000 personal com-puters, was placed under new Peutagon procedures designed

Zenith, of Hernden, Virginia, has been a subsidiary of Gronpe Bull, the troubled French computer manufac-

Government Technology Services Inc is a large systems integrator and equipment suptory for those who were critical of an earlier decision, which was announced last

Protests came from competi-

ing the future of the contract into confusion. The protests were upheld on the grounds that Zenith's mon-

itor screens did not comply with the Trade Agreements Act designed to ensure substantial US labour content in products sourced abroad and that the Air Force had not considered sufficiently the advantages of sourcing from more than one supplier.

It is still not clear what pro-

It is understood, however, that the terms of the contract provide each company with a licence to sell its products to

for its share of the overall con-

that the computers, printers, software and other equipment will be supplied by the compa-

tract had been received, along with 22 proposals. The award comes as a great relief to Groupe Bull which is still losing money and which

was counting on Desktop Four lish its credibility and show that foreign ownership was no bar to doing business with the US government.

will appeal one more time against the latest decision.

#### share US air force order By Alan Cane plier specialising in the government market. The award of ZENITH Data Systems, the the contract seems to be a vic-

summer, to give the contract in its entirety to Zenith.

tors including Apple Computer and Electronic Data Systems. Just before last Christmas. to the consternation of Groupe protests were upheld, throw-

portion of the order will go to

the Air Force. Each will be forced to light

The Air Force said yesterday

Some 370 bids for the con

It is not know yet whether the disappointed competitors

#### **WWF** worried on trade rules

By Frances Williams

DRAFT rules designed to reduce technical barriers to international trade will block and even reverse government efforts to raise environmental standards, the World Wide Fund for Nature said yester-

A WWF report on the proposed new Technical Barriers to Trade agreement, negotiated in the 112-nation Uruguay Round of trade liberalisation talks, says that the accord would prohibit some environmental regulations and open others to challenge as being trade-restricting.

Mr Charles Arden-Clarke, WWF policy analyst, said yesterday the draft TBT agreeenvironmental policies and

counter efforts to conserve the Global Commons.

Regulations on the use and transport of toxic chemicals, factory polintion and vehicle emissions could be weakened by the new rules.

The WWF report underscores reservations already expressed by the US and some other countries about the draft TBT text, which aims to ensure that technical regulations and standards do not create unnecessary barriers to trade.

The draft already recognises that countries should not be prevented from taking measures to protect consumers or the environment.

But the draft also requires countries to use international standards, where they exist, unless they can show that these are inappropriate or are The US wants revised word-ing that would stipulate countries' rights to set environstandards above international norms. The US and environ mental groups have similar concerns over a draft Uruguay Round agreement dealing with measures to protect plant and

Mr Arden-Clarke said yester day that the US change would be an improvement but it did not tackle the fundamental problem in that the TRT accord gave precedence to free trade over environmental pro

The TBT agreement, which would apply to most if not all of the 105 members of the General Agreement on Tariffs and Trade (Gatt), would replace the present voluntary code, which has 37 signatories.

# IMF puts terms for Moscow loan

NEGOTIATIONS on a standby programme which coold unlock an extra \$3bn (£1.9bn) International Monetary Fund loan could start as soon as Russia confirms It will take decisive action on macroeconomic stabilisation and structural reform, Mr Michel Cam-dessus, IMF managing director, said yesterday. He told Izvestiya newspaper

that the world would "not understand" if Moscow repeated what it did last year: agree an ambitious programme

But he added that western financial support would only be forthcoming if Russia took action to strengthen monetary and financial policy.

It would also have to take steps to ensore that "the money stays in Russia and does not immediately end up in bank accounts in Zurich, Paris

or London". Mr Camdessus also called on the government to stop hyper-inflation "at any price", saying that many democrats around the world had been "killed" by

in a likely reference to the political backlash against the IMF in Russia last year. Mr Camdessus was also at pains to stress that any programme would have to sult not just the Fund, but would need to be trusted and accepted by Rus-

sian society. He said the west had delivered all the \$24bn package except for a \$6bn rouble stabi-lisation fund.

Russia had received debi relief worth \$7.2bo, plus \$12.6bn fresh credit from other countries, the EC, the European Bank for Reconstruction and Development, and finally s first \$1bn from the Fund.

 Russian exports fell 25 per cent last year to \$38.1hn in sales outside the former Soviet Union, the official Goskomstat statistics agency reported yes

The final results for 1992 crown a year which started with initial government hopes for an export boom, soon followed by an attempt by the Foreign Economic Relations Ministry to suggest that



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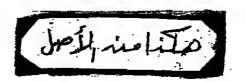
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# Mitsuzuka: one putt away from premier

LDP faction leader is out of the bunker and on course to win, says Robert Thomson

APANESE politicians are fond of comparing their fortunes to those of golfers. A year ago Mr Hiroshi Mitsuzuka was trapped in a deep bunker. His faction in the ruling Liberal Democratic party was falling apart, and other leaders were settling old rivalries by excluding his allies from

senior government posts.

Now Mr Mitsuzuka is a short putt from the prime ministership. The turmoil within the LDP has left him with the largest faction, and he heads the party's Policy Affairs Research Council, which is leading debate on constitutional and political reform, ft is a comehack bigblighting the importance of what Japanese politicians call "the recovery shot".

The present tasks for Mr Mitsuzuka. 65, are to stay out of scandal's way and project a statesman-like image. In the quest for that image be has recently been pressing the case for

Yesterday Mr Mitsuzuka told Mr Kiichi Miyazawo, the prime minister: "We need political laws to stop corruption, like those introduced by Gladstone in 1883 [The Corruption and Illegal Practices Act)."

The comment recognises that the expense of Japanese politics tempts players to take illegal donations and provide unethical favours, as was the case during the Tokyo Sagawa scandal. Mr Mitsuzuka yesterday insisted that the scandal involving a trucking company was "a thing of the past"

and "of interest only to academics". He may be underestimating the anger of ordinary Japanese over the affair, which involved payments to leading politicians and the prosecu-tors' lenient treatment of Mr Shin Kanemaru, the former "godfather" of Japanese politics, who was fined only Y200,000 for the illisgal receipt of Y500m (£2.7m). But it is true that Japanese prosecutors bave closed the

casebook on Sagawa.

The public does appear to be losing interest in the case, with the result that Mr Miyazawa's popularity is on the rise, from the depths of 12 per cent at the height of the scandal to around 20 per cent.
Faction heads such as Mr Mitsu-

zuka are fortunate that new political groups are struggling to get funds from recession-hit Japanese companies, while an imperial wedding scheduled for June has provided a welcome distraction from scandal. In professing his enthusiasm for

political reform, Mr Mitsuzuka said the country's multi-seat constituencies were the cause of Sagawa-like scandals and should be a replaced by a single-seat system similar to that of

Yet a cheaper political system would undermine the power of patronage that comes from running a faction and dividing up constituencies

with other faction heads.

Mr Mitsuzuka admits that political reform may "hurt me personally", but change is necessary because "politics is a public thing and we must think of the next generation". But he has also suggested in recent days that the reforms need not be introduced rap-

Both Mr Mitsuzuka and Mr Michio Watanabe, the foreign minister and the other likely candidate for the leadership, have hinted that Mr Miyazawa may run for a second term as prime minister when his term expires in



Likely candidates: Hiroshi Mitsuzuka (left) and Michio Watanabe

September. Yet Mr Miyazawa often appears to lack confidence and has been considered an uninspiring leader at a time of political and economic

Not that Mr Watanabe or Mr Mitsuzuka wili necessarily provide enough inspiration to ensure the longer-term survival of the old order, but the collapse late last year of the Takeshita faction, then the largest, has left them at the helm of the party's destiny.
The health of Mr Watanabe has been questioned while Mr Mitsuzuka argues that his experience as a foreign and trade minister qualify him to

handle a tense trade relationship with the US. He said yesterday that "It is no surprise" that bilateral tension has risen with the coming of a new US president, since Mr Bill Clinton had campaigned on economic issues and Japan appears to he one of those

But Mr Mitsuzuka will need to work to erase a popular perception that his faction is "right wing" and, perhaps, not the best to be presiding over a sensitive debate on a wider role for the Japanese military. And he is thought by some colleagues to lack the negotiating skills necessary to secure the passage of important legis-

lation. Mr Mitsuzuka can claim credit for being the first Japanese leader to cau-tion the Chinese government over its military build-up. During a visit to Beijing late last year he expressed concern over plans to expand naval offensive cepacity and the rapid upgrading of technology by the Peo-

ple's Liberation Army.

"We are not too accommodating towards China. I tell the Chinese at every opportunity that it is not in their Interests to have the world against them on the issue of human

the debate over the so-called "peace ctause", Article Nine of the constitution, which renounces the use of force to settle disputes, Mr Mitsuzuka said changing the constitution, technically, was a very simple matter. "All we have to do is add a new section to the existing Article Nine explaining that a United Nations request would override that

However, he acknowledged that winning public support for such a change is a "delicate problem". He suggested that 80 per cent public approval will be needed before the constitution is changed, or added to before Japan can take a more active international role.

Having prospered, so far, from the upheaval within the LDP, the newlyconfident Mr Mitsuzuka quoted Mr Mikhail Gorbachev. in assessing the need for further change in Japan, be said, those who do not respond "adequately" will be "left behind by the

# Tokyo likely to cut discount rate to 2.5%

By Charles Leadbeater

THE Bank of Japan is expected to cut its official discount rate today after its governor, Mr Yasushi Mieno, said yesterday there was a need to support an economy which had fallen into a worse-than-expected condi-

The bank's policy-making board is expected to decide to cut official interest rates from 3.25 per cent to 2.5 per cent, the low that interest rates reached during the peak of the bubble economy between 1987 and

The move would mark the bank's acceptance that the downturn in the economy has spread well beyond the real estate and financial services sectors badly hit by the buhble's collapse. Mr Mieno said there were growing signs small businesses in regions not affected by the bubble were also being hit.

The cut would be the sixth in the official discount rate since September 1991, when it stood al 6 per cent. Mr Mieno, known as a tough financial disciplinarian, has come under mount-ing political and business pressure to deliver the cut. The last 0.5 percentage point reduction was six months ago, Since then

the economy has fallen close to outright recession. However, employers' leaders yesterday signalled that they did not believe the historic low of 2.5 per cent was sacrosanci. Mr Takeshi Nagano, president of the Japan Federation of

consider a seventh cut if the economy failed to recover. The expected reduction helped to strengthen the Tokyo stock market yesterday. The Nikkei average rose to a high of 17,419 before falling back to ciose 35.7 points up at 17,2552 after traders took profits.

Employers' Associations said

that the authorities should

Speculation about the cut also helped to revive the trading volume, which has been in the doldrums for weeks. Monsy market rates for three-month certificates of deposit feli to a record low of 3.25 per cent, while the yield on the 10-year benchmark

An interest rate reduction would immediately benefit Japan's commercial banks, which will see their profit margins expand because the cost of borrowing money from the central bank will become cheaper. A cut might also help to stimuiate consumption of larger Items such as cars.

Soweto

violence

in dispute

over taxis

ANGRY taxi drivers yesterday

stoned buses and attacked bus drivers in Soweto, South Africa's biggest black town-ship, and police were trying to

stop the protest spreading into

central Johanneshurg, Reuter

reports from Johanneshurg.

Two people have been killed

and dozens injured in running

battles between police and the protesting taxi drivers in the

Sonth African commercial cap-

ital, which was declared an

unrest area on Tuesday night.

are constantly barassed by

Cabinet shuffle

Algeria yesterday dropped its vsteran foreign minister, Mr Lakhdar Ibrahimi, and three

others in a cabinet resbuffle.

Reuter reports from Algiers.

Mr Ibrahimi was replaced by Mr Redha Malek, a member of

the collective presidency, and

said to be and acquaintance of

the US secretary of state, Mr

Germany sells

39 navy ships

Germany has sold Indonesla

39 navy ships from the stocks

of the former East Germany,

government officials said yes-

terday. Reuter writes from

Bonn. Officials, who declined

to be named, said that the

onlice and are demanding

ernment subsidies.

in Algeria

Warren Christopher.

The drivers allege that they

**GOVERNMENT ACCUSED OF COVER-UP** 

# Kuwaitis seek end to secrecy on fraud probe

By Mark Nicholson in Cairo

KUWAITI parliamentarians and journalists said yesterday they would dcfy a han imposed by the Gulf state's public prosecutor on issuing any unsanctioned information concerning alleged fraud in the managemeot of Kuwait's overseas investments and at the stateowned Kuwalt Oil Tankers

Mr Mohammed al-Banai, who is leading the government's investigations into the two affairs, announced the han on Monday, into a torrent of criticism that he was party to a government cover-up. He forbade any public statement on either matter without his written permission

Members of the opposition-dominated national assembly said yesterday pariiament would study the ban to see if it was constitutional. But Mr Hamad al-Jouan, who chairs the assembly's legislative committee, said the prohibition in his view was "against the law as I know it". He added: "For my part I will say whatever I know about these things - It is in the public interest and the

interests of Kuwait." The ban also angered local journalists, who have enjoyed

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considerable freedom since the end of the Gulf war and have led in making public disclosures into alleged corruption at KOTC. Many said the ban was an attempt by the government to block potentially embarrass-

Mr Ghanim al-Najjar, a columnist at ai-Wattan newspa-per, said: "The press is a vital force in opening this issue up. Without the press, investigations by the government would not have reached this stage."

The curh muddles the government's stated intention not to obstruct parliamentary or press treedom in connection with the investigations, which are the focus of considerable interest in the Gulf state. Sheikh Saud Nasser al-Sa-

bah, the information minister, said last week that Kuwait's press was entirely free and that the government would give an "open door" to the national assembly's efforts to look into alleged scandals. Mr Mohammed al-Sagr, edi-

tor of al-Qahbas, said he would continue to publish information on both affairs, though without naming names. Mr al-Banai has refused any

comment on his investigations into the Kuwait investment

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investments and into an alleged multi-million dollar fraud at KOTC. But he said on Monday that any information spread by Kuwaitis risked damaging the "public interest".

The public prosecutor is understood to have detained for questioning at least one for-mer top official at KOTC over an alleged fraud said by Mr Ali al-Baghli, the oil minister, to amount to at least \$i3m (£8.6m). Al-Qabbas newspaper has already named two former KOTC officials in connection

According to local media reports, and some senior Kuwaitis, Mr al-Banai Is looking into claims that some senior officials at KOTC chartered oil storage tankers to the government at a profit, pocketing the difference.

with the investigation

Mr al-Banai is also understood to have frozen the Kuwaiti assets of three ex-empioyees of KIO, and their direct relatives, although no charges against them have been brought in the Gulf state. Spain's senior monetary court last week rejected a criminal lawsuit brought by Torras, the KIO's Spanish holding company, against seven of its former execotives. Torras is Office's lossmaking Spanish appealing the decision.

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Hong Kong Governor Chris Patten arriving at hospital yesterday in the colony, where he underwent a 2%-hour operation, under local anaesthetic, to clear narrowed coronary arteries, Reuter reports from Hong Kong. Doctors predicted a rapid recovery. The governor would remain in hospital for two or three days and then rest at home for a week, his spokesman said.

# relations with North pull out paratroops

By John Burton in Secul

South Korean government predicted yester-day that its tense relations with North Korea will esse later this year.

Progress in inter-Koresn relations has been blocked for the past year by Pyongyang's refusal to allow Seoul to make challenge inspections of suspected nuclear weapoo facili-

South Korea and the US will also resume their suspended annual "Team Spirit" military exercise in March in an effort to force Pyongyang to make a concession. North Korea has respooded by breaking off taiks on nuclear inspections and other issues with Seoul. But senior Seoul officials

issue said yesterday that North Kores would ease its stance once the exercises were over because of the need to revive its troubled economy. Seoul estimates that the North Korean economy contracted by 5 per cent in 1992 due to an oil shortage that is hampering industrial production.

In spite of the political stale-mate between the two Koreas, Mr Kim Dal Hyon, the North Korean deputy prime minister, met executives of several big Sooth Korean conglomerates, including Samsung, Daewoo and Lucky-Goldstar, in Beijing two months ago to discuss investment in North Korea. North Korea has also recently made attempts to improve relations with Japan

# Seoul sees easing of Belgium decides to

BELGIUM yesterday decided to stances of the firing. start withdrawing its paratroops from Congo's Brazzaville by the weekend, after most Belgians who wanted to flee the violence in the Zairean capital Kinshasa had aiready been evacuated, AP reports from Brussels.

The government has decided to start the retreat of its troops in Brazzaville on Friday," a government spokesman He said that 600 Beigians

remained in Kinshasa after 864 had been repatriated with gov-erument help in the wake of the riots that swept the city

Heavy weapons fire erupted late on Tuesday and tracers could be seen over Kinshasa's skyline, but no information

Zaire's opposition said on Tuesday that President Mobutu Sese Seko's special forces had killed st least 1,000 people. mainly regular army troops after soldiers rioted to protest at being paid in new banknotes that they considered worthless. Beigium yesterday

impounded a cargo of the new notes in Ostende after Zaire's transitional government asked for the move, the Belgian For-eign Ministry sald, Renter reports from Brussels. "The transitional government asked the Belgian government not to authorise the departure of the plane with its cargo to Zaire and to seize the banknotes. the statement said. The banknote is the highest denomination in Zaire but is worth less

ships were mainly mine-sweepers and patrol boats. Kabul clashes as UN retreats Guerrillas bombarded Kabul

with rockets yesterday, killing 14 people, as mediators tried to negotiate a peace between President Burhanuddin Rableader, Mr Gulbuddin Hekmatyar. Reuter reports from The UN said it had with-

drawn staff from Jalalahad and Kandahar a day after gunmen ambushed and killed three UN staff and a Dutch

#### Somalia faces security curbs

The UN is discussing plans that will give a multinational force in Somalia greater powers to enforce law and order and a ceasefire, a UN official said. Reuter reports from Mogadishu. He said the discussions, mainly on the role of the Somalia mission, expected to come under UN command later this year, involved the secretary-general, Mr Boutros Boutros Ghali and the Secu-

Consular cuts The Philippines said it will close 12 consulates and nine of the country's 80 embassies, as a cost-cutting maasure, AP

reports from Manila

and the US to attract foreign meeting on the unification was available on the circumthan two dollars.

# Angolan government sounds alarm

West loses patience with enemies who refuse to compromise

By Julian Ozanne in Nairobi

ANGOLA'S embattled government made a desperate plea for help yesterday, calling on the internetional commu-nity not to abandon the country following the bitter fighting that followed the disputed general elections under the auspices of the United Netions.
The appeal is likely to fall on

deaf ears. Both the government in Luanda and the rebel Unita movement are to blame for the resumption of a hrutal civil war which has cost up to 10,000 lives since last November. Besides, with the cold war over, Angola no longer has strategic value for major

Both warring fections also seem unwilling to make the necessary coocessions to bring the conflict to an end. Peace talks in Addis Abaha last weekend failed to agree a ceasefire in the conflict, which flared after Unita had refused to accept the elections held in September and the government then took the opportunity to launch a bloody purge of Unita

in the cities. The former Marxist governmeot and Unita remain locked in the bitter personal, tribal and ideological rivalries which fuelled the 1975-1990 civil war. Diplomats say there is little hope of concrete results for a

second round of talks due to take place next week, and the United Nations is scaling down its presence and preparing to withdraw from the country in April if no progress has been

made towards peace.
In the meantime, there is little respite for Angola's 10m people or for the mineral-rich momy of a country which could become one of Africa's richest and spur an economic revival throughout southern

Up to 1m people are facing starvation this year as the fighting disrupts eld

The oil industry, which produced 550,000 barrels a day last

la's second-biggest oil centre, causing a loss of 90,000 barrels per day, worth more than \$1.5m (£990,000) a day. Unita has also threatened to attack offshore oil platforms in the oil-rich enclave of Cabinda, which produces two-thirds of national output.

year and is the backbone of the

war-crippled economy, has

been severely hit by the

renewed civil war. Unita has

captured Soyo, which is Ango-

The Cabinda Gulf Oil Company has been evacuating scores of expatriates. This

week, Unita kidnapped 18 Angolan oll workers in the

SENATOR Sam Nunn was in a magnanimous mood on television yesterday morning. He said of President Bill Clinton: "I admire him greatly, I think he's going to be a terrific leader." They might disagree on the admission of homosexuals to the US military but the views on both sides were "sincerely beld" and there ought to be no spill of animosity into other important issues. "Contrary," he added, "to what you may have read." For Mr Clinton, this was a

fellow-Democrnt who has emerged as his first and biggest opponent in Washington. Mr Nunn made clear that he would oppose any Republican attempts to codify the existing ban on homosexuals by tag-ging an amendment to this effect on to the popular family leave bill.

Later in the morning he so voted in the Senate. But what the senator from Georgia, chairman of the armed services committes, gives he can also take away. He had enough to say yester day to serve as warning to the president not to commit the to consult.

Joint protestations to the contrary, there are many in Washington who do think bad blood exists between the sena-tor and the president. Mr Nunn, a proud man and sometimes dour, is assumed to heve barbonred presidential ambitions of his own, now damped down by the arrival of another southern Democrat in the White House.

He was never the warmest supporter of Mr Clinton during the presidential election last year, absenting himself from the campaign in his

home state at the beight of the Gennifer Flowers affair last spring. In the early summer, when Mr Clinton was running third behind President George Bush and Mr Ross Perot in the polls, Mr Nunn did not exactly discourage speculation that he might be available as a compromise candidate.

Mr Clinton has n long political memory. His preference for Congressman Les Aspin over Mr Nunn for the post of secretary of defence in the new administration may well have been influenced by presumed slights from the senator, as well es by knowledge of the

difficulties he might have with Mr Nunn in the Pentagon over gays in the military and the more pressing questions of defence budget cuts and reorganising the armed services.

Mr Nunn's views on both

issues — and his close rela-tionship with General Colin Powell, head of the joint chiefs of staff and a formidable political operator in his own right - will still create problems for the president in the

Yesterday, Mr Nunn was more inclined to change the subject, commending Mr Clin-

nomic and social policy issues. Still, he warned that any ecoto be accompanied by commen posals over the longer term, and he preferred putting higher taxes on social security pensions to suspending cost-of living adjustments.

Even on the issue of gays in the military, on which his committee is to hold hearings soon, he warned: "I may take into account things I have not yet thought nbont." In the ent mood, that is about as much as Mr Clinton could

# US campaign spending spree

DEMOCRATIC congressional leaders met President Bill Clin-ton at the White House yester-day to discuss how to reform the financing of US political

campaigns.
Spending limits for congressional campaigns, curbs on contributions from political action committees (PACs) representing lobbyists, and greater disclosure requirements for lobbyists were all expected to be on the agenda. The issue stirs flerce popular emotions among US voters con-

vinced that most of their elected representatives are in the pockets of lobbying groups that contribute to their cam-paigns, but a solution will not be easy to achieve. Leaders in the House of Representatives have revived a

reform bill, vetoed last year by President George Bush, which would have imposed voluntary spending limits on candidates in exchange for partial government funding. The bill would also have lim-

ited "soft money" donations through political parties, but done little to curb the influence of PACs, which many reformers see as the root of the

principal both to spending limits and to public financing of campaigns, but Democrats, too. fear that the proposed mea-sures could cost them seats in the 1994 congressional elections by limiting the advantage in fund-raising enjoyed by

A main obstacle to campaign finance reform is a Supreme Court ruling that mandatory limits on spending infringe the constitutional right to free

speech.

That means that any attempt to limit spending - House and Senate races last year are esti-mated to have cost a total of \$504m (£333.7m) - must be voiuntary. The carrot of public finance, which already exists for presidential campaigns, is therefore virtually inescapable. US voters, however much they want candidates to stop taking money from lobbylsts,

ernment to pick up the bill. This leaves the way open for the very wealthy, such as Mr Ross Perot, the independent who financed most of his presidential campaign last year out of his own deep pocket, or Mr Michael Huffington, a Californian Republican who broke the congressional record by spending \$5.4m, mostly his own Most Republicans object in last year.

appear reluctant for the gov-

# Harder line in Mexican change

**By Damian Fraser** in Mexico City

PRESIDENT Carlos Salinas of Mexico has removed one of his new appointees in a move seen as consolidating a harder government line towards negotiations with opposition parties.

number two in the ruling Institutional Revolutionary party (PRI), bas been ousted as under-secretary at the interior ministry and made ambassador

The government described the change, just 17 days after installing a new team at interior, as a progressive step. An official said the president was responding to criticism that there "was excessive PRI presence in the interior ministry". However, analysts saw the abrupt shift as further evidence of a hardening of the

ministry's line against negotia-

tion with opposition parties. Beatriz Paredes was viewed as a progressiva force in the ministry. Her removal shows there is unlikely to be conciliation this year or next," said Ms Denise Dresser, a professor at Mexico's technological institute (ITAM).

The ministry's other under-secretary, Mr César Augusto Santiago, former PRI electoral chief, will be kept on but, it is claimed, without responsibility for electoral matters. Most of the criticisms of the recent appointments at interior ministry were directed at him, rather than at the respected Ms

Paredes. The government's claim to ing the appearance of impartiality in government officials was not helped by the appointment of Mr Emilio Chuavffet as the PRI candidate to be gov-

· ernor of the state of Mexico.

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#### Clinton set for first legislative victory

# Swift passage likely for family leave bill

THE FAMILY leave bill yesterday began what looked like a rapid passage through both bouses of Congress es Republican attempts to modify and amend it failed to muster sufficient votes.

The bill, twice vetoed by former President George Bush, would require companies with more than 50 employees to provide up to 12 weeks' unpaid leave for family exigencies, such as illness of a relative and

In the morning, the Senate rejected by 67 votes to 33 - wider than the 57-43 Democratic majority - the alternative Republican proposal to institute tax credits to companies to cover the cost of family leave. The House was due to take up the measure later and Mr Richard Gephardt, the Democratic leader, predicted

Senats Republicans also decided yesterday morning to sial question of retaining the ban on homosexuals in the military, a move designed to preempt President Bill Clinton's order for a six-month review of

But they did not decide whether to add such a proposal to the family leave bill or simply to offer it as a stand-alone amendment. In any case, they conceded that they probably did not have the votes to pass such a measure. Senator Sam Nunn, the Georgia Democrat and an opponent of gays in the military, said flatly he would not support the Republican

Passage of the bill would provide President Clinton with his first legislative victory, though it would hardly classify as a momentous one and would serve as no guide to the far tougher battles to come on economic and social policy.

firmed yesterday that Mr Clinton was considering lifting the ban on the government hiring the air traffic controllers who went on strike in 1981. President Ronald Reagan's breaking of that strike was an early landmark of his first term.

The president's press secre-tary also confirmed what had been the case since Monday that the regular daily briefings would no longer be televised live, though exceptions would be made on special occasions. The practice was unpopular with many White House correspondents and did not always show either the media or the chief spokesman, Mr George Stephanopoulos, in the most favourable light.

Finally, and also predictably, the Senate intelligence committee vesterday unanimously approved the nomination of Mr James Woolsey to be the next vote is expected today.



Roberta Achtenberg (above), an openly-lesbian politician, has been nominated by President Clinton as assistant secretary for fair housing and equal opportunity at the Department of Housing and Urban Development, Reuter reports. She has been an active advocate of housing for homeless or low-income people and championed many homosexual and civil rights issues:

# Senate report attacks drug company pricing

By Paul Abrahams in London and George Graham in Washington

A SENATE committee claimed yesterday the drug industry had broken its promise to restrain price increases voluntarily. The Senate ageing committee cited a report suggesting that eight of the top 31 drug groups had increased prices at more than three times

the inflation rate last year. The study, whose methodology was challenged by the US Pharmaceutical Manufacturers Association, also claimed 19 grouns had increased prices at double the rate of inflation.

Senator David Pryor of committee's chairman, said the report showed drug price inflation had been consistently

inflation. He claimed it showed drug companies had failed to fulfil promises that they would limit price increases. Voluntary price restraints were clearly

not working, he added.

The eight companies men-tioned were Merck, Pfizer, Marion Merrell Dow, Du Pont Merck and Sterling-Winthrop of the US, as well as the American arms of Claxo and ICI of the UK and Hoffman-La Roche of Switzerland.

Mr Pryor said a drug costing \$1 in the US would cost 67 cents in Canada and 60 cents in Europe.

The report claimed Glaxo's US arm had increased prices

Fujimori consolidates grip on Peru's institutions, writes Sally Bowen

This was contested by the company which said its overall increase for the year to June 30 had been 1.8 per cent, well below the 3 per cent general

inflation rate. Glaxo said the study had falled to consider the issues of last year were less than 2 per raise prices more quickly than volume and discounts. It was important to look at the units price inflation had been 3.6 per important to look at the units sold of each drug as well as list

Du Pont Merck claimed its increases had been less than 2.9 per cent on a weighted by 4.4 per cent during 1992. . average basis. Merck said it

had increased prices by 3.1 per cent and by 2.9 per cent if rebates and discounts were tee on againg in 1988. included. That compared with the report's alleged increase of

Pfizer claimed its increases cent on a volume-weighted basis and 2.1 per cent after deducting rebates

Price gouging by pharmaceutical companies has been a favourite theme of Mr Pryor's

President Bill Clinton's campaign manifesto promises to eliminate tax breaks for pharmaceutical companies that personal incomes, and to dis-courage them from spending more on marketing than on research and development.

It is unclear, however, how these pledges will be integrated in the overall reform of the US

health-care system.

# Independents win seats but no power

HREE years ago televi-sion presenter Ricardo Belmont was elected mayor of Lima, heralding a period of turmoil for Peru's traditional political parties and marking tha emergence of the dent candidate

Last Friday's national municipal elections not only saw Mr Belmont comfortably re-elected but confirmed the political trend he initiated in

Independents swept into office across the country. In Lima, home to a third of the nation's voters, established parties picked up only half-adozen of 40 council seats. For-mer president Fernando Belaunde's Popular Action party and ex-president Alan Garcia's Apra party were reduced to a handful of

regional strongholds.

Both had boycotted November Congressional elections in protest against President Alberto Fujimori's seizure of powsr last April. Also, the Marxist left suffered a crushing

national defeat. The elections were good news for Peru in two respects. First, the level of political violence was comparitively reduced. Shining Path (Sendero Luminoso) guerrillas, their organisation weakened since last September's capture of their leader Abimael Guzman, threatened voters and killed 20 candidates in the run-up to

But, compared to 1989, when elections were postponed in a quarter of the country because of guerrilla violence, Friday's voting was largely peaceful. Second, these municipal elections fulfil the pledge made by Mr Fujimori to the Organisa-tion of American States last

racy. OAS observers appear satisfied with the process. lo theory, the way should now be clear for friendly countries to re-establish flows of economic assistance frozen in

May of a full return to democ-



President Alberto Fujimori increasingly depends on the armed forces and the intelligence service

the wake of Mr Fujimori's institutional coup.

But Mr Jorge Camet, the new economy minister, cancelled his trip to Washington this week for talks with Peru's new support group. Peru needs \$410m to cover e 1993 balance

of payments deficit.
Without it, the letter of intent presented to the International Monetary Fund and arrangements with the World Bank for clearing immediate arrears would collapse, as would prospects for \$1.4bn in fresh credits over the next three years through the IMF

extended fund facility. So far, the only firm commitments are from support group co-leaders Japan and the US, which together will put up half the total. Government officials hope Canada and assorted European countries will pro-

vide the remainder. ever, have not dispelled international community scepti-

cism, even though Mr Fujimori has earned praise for his speedy transformation of one of the continent's most protecinto one of its least regulated. However, that economic lib eralism has been accompanied by political anthoritarianism. Several countries, including Germany, expected to be a key member of the support group, remain unconvinced about ade-

quate progress on issues such as human rights. The US State Department recently protested over threats to press freedom and its Jannary report on continuing human rights violations caused

Mr Fujimori's abrasive cam-paign against virtually every Peruvian institution has led to mass sackings of judges, the dismissal of tens of thousands of state employees, and the premature removal of senior see eye to eye with him. Three

fell npon Peru's widelyrespected diplomats, causing widespread rancour.

On Tuesday, two lawyers who heve acted for Shiring Path leaders were convicted of treason and sentenced to life imprisonment for serving as links between their clients and the guerrilla group. Both men belonged to the Democratic Lawyers' Association.

ustifying his actions, Mr Fujimori claims Peru's institutions are corrupt and inefficient. In broad terms, he is probably right and his attacks heip maintain his approval ratings at an impres sive 60 per cent. But, so far, he shows no sign of building on the rubble of the institutions

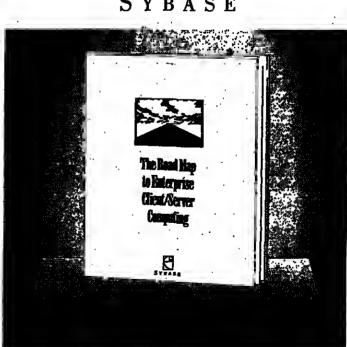
Rather, be increasingly depends on the armed forces (now largely purged of dissi-dents) and the National intelligence Service which he frequently praises in public. Observers comment that the new constituent Congress is proving to be a simple extension of, rather than a check on,

Also, Mr Fujimori bas encouraged the proliferation of the political independents who triumphed last Friday. "It's the old divide and rule strategy," commented one senior foreign diplomat in Lima.

left-wingers abandoning the stigma of a party label, oppor-tunists or decent oeighbourbood workers, scrupulonsly eschewed ideology.

No-one in today's Peru, even the traditional parties, denies the need for political renova-tion. But analysts query whether bundreds of indepen-dent candidates and ballot papers whose complexity means more invalid than valid votes constitute the "authentic

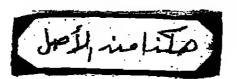




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# Challenge for potential international buyers

By Kevin Done, Mntor industry Correspondent

THE world's truck makers are accustomed to lurching from feast to famine, but as the todustry heads into one of its leanest periods on record, any potential buyer for Daf - or parts of it - will have to ponder hard, hefore taking the

There are attractions, however. It has a highly regarded pan European distribution network with about 1,300 sales and service outlets. Access to such a distribution system would be highly valued by any truck producer seeking to enter the European market from outside the region. Daf bas a share of close to 8

**Payments** 

agreed by

leading

bankers

BRITISH BANKERS vesterday travelled in groups to an emer-

gency meeting of Daf's bank creditors beld in Amsterdam.

numbera", sald one banker

We don't want to be mugged outside the meeting by angry

By the middle of yesterday

afternoon, they had agreed to provide Daf with Fl 60m, which

they hope will be sufficient to

pay wages and meet the company's other trading expenses

During that time the receiv-

ers of Daf's European husi-

nesses will review the

long-term prospects of the com-

Total Indebtedness of the

company is in excess of Fi 3hn.

However, there is a vast differ-

ence in quality between different elements in the

The loans most at risk are

the FI 900m which banks have

lent to the manufacturing

operations. Of this, approxi-

mately F1800m has been pro-

vided by a consortium of nine

banks, led by the Dutch bank,

ABN Amro and also including

Rabobank of the Netherlands,

Generale de Banque of Bel-

glum. Credit Lyonnals of

The syndicated loan, in its

current form, was signed in June of last year, and is to a

certain extent covered by collateral held on the hank's

behalf hy a Dutch trust or

The scale of losses faced by

these banks can be gauged by

examining the sacrifices which Daf bad been asking them to

make, as part of its vain

attempt to earlier this

week to save itself from receiv-

Under the rescue plan, which

Daf formulated together with

the management consultant

firm, AD Little, and the

accountants, Coopers &

Lybrand Deloitte, the banking

syndicate was being asked to provide Fl 50m in a short term

bridging loan, at least a further

Fl 100m in further loans over

the coming two or three years

and was also being asked to convert Fl 100m of deht in

Other creditors in the firing

line are the investment bank-

ing arms of the Dutch govern-

ment and the Flemish regional

government, which last Decem-

ber provided loans to of FI 67m

and BFr2.2bn respectively.
Under the rescue plan, hold-

ers of preference shares and of

FI 150m in bonds would also

have been asked to convert part of what they are owed into ordinary shares. However, the bulk of Dar's

debt, more than Fl 2hn, is

These are loans made to Daf's finance subsidiariea, which

lease Daf's vehicles to custom-

Daf's ability to pay these

loans does not depend directly on the health of its manufac-

turing operations. So tong as finance company customers, who are users of Daf vehicles,

continue to make lease and instalment credit payments, then Daf's finance companies

should be able to make bank

payments.
Part of the finance company

bank debts, some £180m, was

securitised and sold in the

form of bonds to institutional investors by UBS Phillips &

Drew, the securities firm, last

credit rating agency, said yes-terday that it was monitoring

the situation but saw no rea-

son to consider lowering the

top triple-A rating accorded the

Standard & Poor's, the US

sticbting.

France and three UK banks. Barclays, Lloyds and National

for a month

"It's a question of safety in

By Rnbert Peston

truck market, which puts it in sixth place, but it is in the UK where it has established a commanding presence aince its takeover of Levland Vshicles

Truck makers such as Rensult Vehicules Industriels of France and MAN of Germany have struggled to establish themselves in the UK market, and their shares of less than 5 cent each are easily overshadowed by the 25 per cent of the market captured by Daf

As recently as 1989 the UK was the biggest truck market Europe and acquisition of the Daf share could prove strategically attractive as the UK market gradually pulls out of

At the same time, Daf has a relatively modern truck range with some substantial investments in new products com-

pleted in the past two years. In 1992 it began the launch of a new range of medium-beavy duty trucks, the 75/85 series. which were the result of a big investment programme worth four years of design and development work

Ironically, given its present demise, Daf was much in the running for the latest European Truck of the Year award for the 75/85 series, but was narrowly pipped at the post in December by lveco. In the autumn, as Daf began

tegic alliance", it began negotiations with Mercedes-Benz, the automotive subsidiary of Daimler-Benz of Germany and the world's higgest truck maker. Mercedea-Benz soon insisted that it was not willing to take an equity stake in Daf. but it has admitted that detailed negotlations have been under way about a possible two-way exchange of com-

ponents or products. Daf's operations in the UK represent a mixed challenge for any potential buyer. The plant at Leyland, Lancashire, is relatively modern, produces a competitive range of light duty trucks and has a large potential capacity. It could offer an attractive, low-cost

particular for producers with a high cost base in Germany. By contrast, the van operations in Birmingham appear much more at risk. The plant, formerly British Ley-land's Freight Rover van operation, is old and the product

despite efforts to revamp it and success in improving quality. The inture of the van plant is most clearly in question. Daf had entered a joint venture with Renault of France three years ago to develop a new van range for the mid-1990s. About 50 Renault engineers are working in Birmingham and the two companies have a jotot venture company, Van Technology, formed to develop the

range is also rather out-dated

new product. Renault said yes-terday it was studying ths project of Dal's move to file for protection from its creditors. Privately, Renault has been well aware of Dal's growing financial crisis and has been seeking to prepare contingency

Its options are to abandon the project, seek another part-ner or go lt alone. Of these paths, Renault appears to prefer finding another partner, but in sny eventuality lt appears unlikely that the new van will ever be built in Birmingham - placing a grave question over its future and the livelihoods of the 2,000 Daf workers in Birmingham. To find a rescuer for the

likely to look outside Europe. Paccar, the US producer, showed a strong toterest in a possible deal with Levland Vehicles when British Leyland was seeking to shed the truck and van operations in 1986/87. before the merger was finally agreed with Daf.

DAF's well-developed pan-**European distribution network** and its expertise in particular in heavy trucks could also provide the entry ticket to Europe for one of the leading Japane

is far from ideal.

producers, Hino (Toyota), Nissan Diesel, Mitsubishi or Isuzu. The Japanese producers also have profitability problems of their own at present, however, and the timing of Das's demise

# **British** unions fear for plants

By Rnbert Taylor.

BRITAIN'S union leaders fear that Leyland-Daf's plants in the UK will be sacrificed to save lts production facilities on the continent. Last night they accused the British government of collusion in the col-

lapse of Leyland-Daf.
Mr Tony Woodley, national auto industry secretary of the Transport and General Workers, sald he had "reliable information" that a new company was being established with financial hacking from the Dutch and Belgian governments to save Dal's plants on tbe continent and leave tbe British operations "to swing in the wind'

He said that Belgian and Dutch employees of Leyland-Daf were being told their jobs will either be safeguarded or they will receive attractive redundancy packages, thanks to the intervention of their governments. The company denied the accusation last night but Mr Woodley said he was standing hy his claim.

surely change its indifferent attitude to the fate of the Leyland-Daf operations in Britain", added Mr Woodley. "It must invest the resources necessary to give our workers the same chance as those in Belgium and Holland to prove they can produce world-beating trucks and vans."

Britain's union leaders are demanding an early meeting with the receivers - Arthur Andersen - at Levland Daf to discuss ways of saving all lts UK plants from permanent clo-

Mr Derek Bullen, works convenor at Daf's Leyland plant said that after meeting a representative of the receiver he "had the feeling" that a viable plan would be brought forward lo keep the plant open,

"My first impressions are that he does not appear to want to come in and shut things down," he said.

Union officials are pressing Mr Michael Heseltine, trade and industry minister, to intervene. "Heseltine invented the word intervention but he does not seem to know how to do lt. He has to intervene to help or we will see thousands of laynational official of the Amalgamated Engineering and Elec-

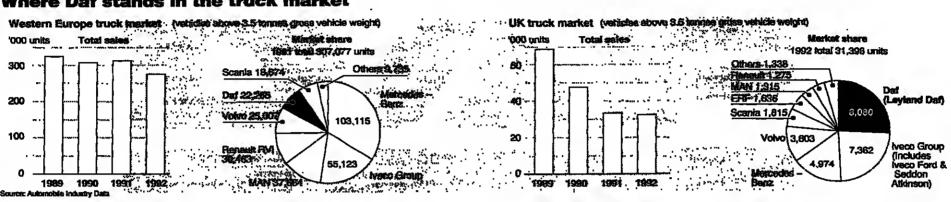
trical Union. Mr Heseltine said yesterday the government was "ready to and other interested parties "to mitigate as far as possible the impact on UK jobs". But he ruled out any loans or subsidy to keep the Daf plants open.

National officials of all four unions at Leyland-Daf are due to meet this morning to co-ordinate their response to the crisis at Daf. Some believe the Leyland truck plant - one of the most modern in Europe will be saved but the rest of the UK operations will be shut

They point to the serious knock-on effect of the liquidation of Daf's plants. The Transport and General Workers union estimates that at least 15,000 jobs could be lost - with 10,000 in supply firms - if all Leyland-Dal plants close, saying this would cost £37m to redundancy payoffs.

plant are planning a lobby of parllament, petitions and marches to save their jobs.
"We have got to keep the pressure up. We have fought many battles before to save factories from closure. What we need now is a real awareness to the the brink of going under," said Mr Ian Hayes, chairman of the white collar unions at the

#### Where Daf stands in the truck market



# Fresh blow for member of Major's inner circle

Political Editor

IT TOOK Mr Micbael Heseltine's predecessor at the department of trade and industry a matter of weeks to learn the perils of the job.

After a number of nearmisses Mr Peter Lilley instructed his private office to create a file marked simply Impending Disasters". He hoped it would provide earlywarning of the next, inevitable, catastrophe to hit one of the most accident-prone departments in Whitehall.

Mr Michael Heseltine has not told us whether he kept the file open when he moved across to the DTI last year.

But either way it would not

political parlance of Westminster, the fiasco over the government's coal closure programme was a blunder, the financial problems of the truck maker an accident.

The difference has done little to soften the damaging impact on Mr Michael Heseltine's reputation. Six months ago he was one of the strongest figures in Mr Major's cabinet, a member of the inner circle trusted to pull the hottest coals from the political fire.

It is not only the Lahour party that has been reminding Mr Heseltine of his promise at last October's party conference to intervece "before hreakfast, lunch and dinner" to support British industry. Right-wing Tories who bear a grudge over

to fact Mr Heseltine's brand of industrial interventionism was never directed at bailing out companies like Leyland-Daf. But his enemies are happy to hlur the distinction between policy designed to promote industrial innovations and one directed at propping up lame-

For his part the president of the board of trade has begun to look battle-weary, leaving his colleagues wondering whether be is any longer interested in the day-to-day grind of poli-

It is much too early though to write off a man who has proved one of the most resillent politicians of his generation. Leyland-Daf has delivered have saved him from the politible salfall-out from the threatened garet Thatcher's premiership learnt long ago to roll with the garet Thatcher's premiership learnt long ago to roll with the collapse of Leyland-Daf. In the are gleeful about his inability punches of politics.

# London's position over subsidy remains complex

SINCE THE collapse of Daf was announced on Tuesday. the UK government has been adamant that the company cannot be helped from public funds. The true position may be slightly more complex.

The official position is that government aid of any sort would be disallowed by Brussels, particularly in an industry with such a history of competitive subsidy as motors. According to the Department of Industry, the only allowable source of funds is regional grants - technically, regional selective assistance, or RSA. RSA grants are for individ-

ual investment projects, with strict criteria. The plant must be located in an assisted area; it must be commercially viable;

project must contribute to the regional and national economy; and it must either create johs or safeguard them.

Daf's Leyland plant qualifles on most criteria. However, as Mr Michael Heseltine, trade and industry secretary, told the House of Commons on Tuesday, DAF applied for £450m of such assistance just before the general election last April. It was told it could only have £18m, and did not pursue the idea. Mr Heseltine also told MPs:

"Were there to be a request for short-term working capltal...sucb a request could be put to my department by a myriad of different companies in the motor industries and many others.

The European truck industry Daf, the UK was the only one

individual countries in the past, however. The most stri-king instance is Leyland Trucks itself. When It was sold to Daf in 1987, the government wrote off almost £600m of debts and accumulated losses. The figure was to have been higher, but the EC intervened.

Similarly, tast October Daf received a state-backed loan of F167m (£25m) from the Dutch government and another of BFr2.2bn (£.044bn) from the Flemisb regional government. No commercial banks were involved and the governments had the option to convert the

loans into sbares. Assuming the loans were on a commercial basis, it could be argued that no subsidy was involved. However, of the three governments involved with

has received assistance from not to contribute.

# Andersen firm is UK receiver

THE accountants appointed as "administrative receivera" to Daf'a principal UK aubsidiaries have three months under UK insolvency law to hold a credi-

tors' meeting. Mr John Talbot and Mr Murdoch McKillop, two partners in Arthur Andersen, the UK's sixth largest accountancy firm, were appototed personally on Wednesday afternoon.

They may well be able to hold a number of the trading companies together and seli them as operating businesses either before or after that time. But unusually, their appointment was made not by an individual bank, or banks, but by a Dutch trust or stichting, a body vehicle which held the security on the loans used by the syndicate of toternational

banks making loans to Daf.
The receivership is not affected by the jurisdiction of the courts in the Netherlands. whsre the Daf holding company is based, or by those in Belgium. The management is applying for protection from to practice, the receivers are companies on six UK sites.

tbeir counterparts In these countries to consider a sale which might involve businesses operating in more than

According to Mr Keith Otter, principal with accountants Coopers & Lybrand, the Dutch procedure - surseance van betaling - or suspension of payments, gives the two courtappointed "bewindervoerder" officials between one and three months to call a meeting of creditora with restructuring proposals. In Belgium, the court has eight days to declde whether to grant a "concordat judiciaire", which would lead to the appointment of a juiecommissaire to oversee the preparation of proposals for a creditors meeting. The appointment of the Brit-

ish receivera prevents any creditors being able to launch separate legal proceedings to seize the company's assets and recover outstanding debts. They have assigned a number of other accountants and insolvency specialists from the firm to take control of the manage-

Daf workers at its Leyland

A worker leaves Daf's Eindhoven plant yesterday where a mood of cantious optimism prevailed thanks to a possible rescue plan

#### HE DAF debacle dominated the headlines of Holland's daily newspapers yesterday with both the banks and the govern-ment assigning blame to each other

for the failed restructuring.

The Dutch Economic Affairs Minister, Mr Koos Andriessen, reserved his bitterest criticism for the minority British hanks for withdrawing

their support. Behind the scenes, however, strenuous efforts were under way to salvage the situation and a mood of cautious optimism prevailed in Rindhoven, a city badly hlt in recent years by lay-offs and restructuring, about the possibility of resurrecting Daf's core truck making operations. Dutch government officials met with union leaders yesterday and provided guarantees that the Daf payroll will still be met. It would act as a short-term financier in the unexpected event that the bank consortium, led by ABN Amro, failed to

provide bridging finance.

approached by Daf's court-appointed administrators about the possibility of providing such finance. "Everyone is interested in finding a solution," said the ABN Amro

spokesman. "We will do everything necessary to help find a solution." It was unclear late yesterday whether such payroll support-guarantees would apply to jobs in the UK. Meanwhile, Government and union officials were in contact with the liquidators and it is understood an attempt is being made to create a new company which will include Daf's present medium and heavy truck production units, hased primarily in the Benelux. Mr Andriessen said he believed that Daf could survive in a concen-

An ABN Amro spokesman said last night the consortium had been

#### By David Brown in Amsterdam and Andrew Hill in Brussels

Headlines and hope in Eindhoven

trated form hut warned of painful

It is thought that roughly half the group's 12,600-strong workforce may be affected by the closure of Daf's van and defence equipment units, as well as the hulk of the UK production operations.

However, the administrators, Mr Louis Detering, of Eindhoven, and Mr Friso Meeter, of Rotterdam, were unavailable for comment. In Eindhoven, workers arrived yeaterday morning to their jobs as usual but production was quickly slowed by a "No suppliers are willing to deliver

without a direct payment," said Mr Crit Pingen, an FNV union spokes-man. "You need to hring bags of money to the factory gate, then you can have what you want. At this moment, there's nothing coming in

or going out of Daf."
Meanwhile DAF'S 1,400 workers at the company's plant in Westerto, Flanders, Belgium, were pinning their hopes on possible plans to save the group's heavy and medium truck

The Westerlo plant - which employs 1.200 shop-floor workers and 200 white-collar workers - manufactures axles and cabs for the heavier

Daf vehicles. A further 100 staff are employed by the commercial office at Aartselaere in Flanders, the northern Flemish-speaking part of Belgium.

A spokesman for the Flanders government said the Flemish authorities had originally backed a mediumto long-term plan to rescue Daf, hut the hanks had withdrawn their short-term support for the company, triggering the call for court protec-

A decision to rescue the business would provide some safeguards for Daf's employees but even before Tuesday's announcement that the group had filed for court protection from creditors. Westerlo was laying off staff temporarily, because of the Mr Achiel De Backsr, Daf's per-

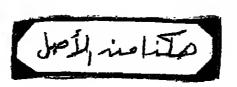
sonnel manager at Westerlo said that production had not heen stopped, but he added: "It may be that we have to take that decision in the following days, because we could be short of components." Some 200 Westerto employees dem-

onstrated at the Antwerp office of ABN Amro, the Dutch bank which leads Daf's banking consortium, to the hope of persuading the consor tium to grant the emergency short-term funding needed to shore up the ailing vehicle-maker.

A number of workers said they werp office until the bank's Amsterdam headquarters replied to their

Mr De Backer said yesterday that his staff were not angry with the Daf management hut were arguing "about the decisions taken above our

He added: "It's the financial people who are deciding about our future at



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# GMB in pact with German trade union

By David Goodhart, Labour Editor

A FURTHER step towards Anglo-German labour co-operation was signalled yesterday when the GMB general union signed a partnership agree. ment with I G Chemie, the German chemical industry and paper union.

The agreement, signed in the shadow of the Anglo-French row about the transfer of jobs by Hoover from France to Scotland, folinws similar co-operation agreements between the engineering and printing unions in the two countries. It covers exchanges of information and personnel, joint seminars and language courses to be funded by the EC.

Mr John Edmonds, the GMB lcader, denled that closer co-operation between unions nbviated the need for formal European works councils in which EC multinational companies would be obliged to regularly consult with worker representatives from all EC

He said that inter-union co-operation allowed for "crisis management" but suggested that the Hoover dispute would have been casier to handle if the company had been forced to discuss its plans at an carlier date with a sultation".

MR DICK Spring, Ireland's

foreign minister, yesterday

said he wanted to meet North-

ern Ireland's Unionist leaders

about their demands for consti-

tutional change in the repub-

lic. But he failed to dispel the

belief that formal talks on the

province will not re-start for

Speaking after an Anglo-

lrish conference in London, Mr

Spring appeared to offer an

olive branch to Unionists who

By Ralph Atkins

sometime.

European works councils. Union officials in Brussels say that the Hoover case is likely to mean that the eleven countries, minus Britain, which have signed up to the Maastricht social chapter will give a higher priority to passing a directive on European works councils. Hitherto, France, which has been the

shown little Interest in the Mr Hermann Rappe, leader of I G Chemie, said that European unions realised that it was not sensible to harmonise wages or non-wage lahour costs across Europe but working conditions, like working time or holidays, could be cov-

main inspiration behind the

EC's social dimension has

ered by EC-wide agreements.

Mr Edmonds said that he hoped the agreement with I G Chemie would lead to joint collective bargaining with companies like ICI which employ a large number of people in Britain and Germany.

The Hoover episode was exactly the sort of problem that has bedevilled European unions. Because there was no adequate information going to the unions the company was confident that it could keep the workforce divided and make its decision without con-

Spring seeks Unionist meeting

talks that Ireland would, if nec-

essary, amend its territorial

change will be necessary," Mr

He stopped short of promis-

ing that changes would be put to an Irisb referendum if agree-

ment could be reached on polit-

ical arrangements in the north.

want to get bogged down over

'could be' or 'would be'." He

said it was important for dia-

logue to open but his invita-

"At this stage I don't think we

"I believe that constitutional

claim on Northern Ireland.

Spring said.

#### Helicopter contract announced

By David White, Defence Correspondent

THE Ministry of Defence opened a contest to supply the army with about 100 attack helicopters expected to be worth around £1.5bn - announcing that companies were being invited to tender for the contract.

Three UK companies - West-

land, British Aerospace and GEC-Marconl - are pitted against each other in the competition, all promoting foreign helicopters for the army role. Westland is linked with McDonnell Douglas of the DS in an attempt to place the latter's successful Apache helicopter, strongly favoured by the army but regarded as possibly an expensive option.

Its rivals are the Cobra Venom, a tailor-made version of the AH-1 Super Cobra, in which GEC is associated with the US manufacturer Bell Helicopter, and the Tiger, a new helicopter being developed hy the Franco-German Eurocopter consortium. Eurocopter has joined forces with BAe to contend for the UK contract.

An outside challenge comes from the Kamov Ka-50 Werewolf, a single-seat seat Russian belicopter being promoted by a Geneva-based concern, Group Vector.

· Mr Malcolm Rifkind, defence secretary, announced the cancellation of two regimental mergers and the reprieve of 3,000 uniformed

accepted by Unionist leaders.

Mr Spring also emphasised

setting out a lengthy pro-

gramme of work for the regu-

lar Anglo-Irish conferences,

Agreement and opposed by

Unionists because of the role

they give Dublin in the affairs

That probably reflected an

expectation in London and

Dublin that talks will not

resume until after May's local

elections in the province,

which have already begun to

of the north.

held under the 1985 Anglo-Irish

# Alcohol abuse £2bn a year

Alcohol abuse costs UK industry at least £2bn a year, according to the Centre for Health Economics at the University of York. This figure takes into account the cost of sickness absence, nnemployment and premature death, but excludes other social and National Health Service costs. lusist as a pre-condition for tious are unlikely to be provoke inter-party rivalries. More than 40 per cent of the

#### MPs are uncertain about Britain's future role in international politics, writes Philip Stephens

sk any group of Con-servative MPs about servative MPs about Britain's place in the world and the competing cross-currents of opinion surface within minutes.

First comes a surprisingly pragmatic realism appropriate to a middle-ranking European power in the 1990s. Applied most obviously to Bosnia but also to Saddam Hussein's Iraq, It states with certainty that Britain must no longer aspire to the role of world policeman.

its stretched armed forces have a part to play in humanitarian aid efforts in the former Yugoslavia and elsewhere. But British soldiers are too scarce and too precious to be cast in the dangerous role of peacemakers.

So successive debates in the House of Commons have left the government in no doubt that its supporters would not tolerate the risk of significant casualties in a Balkans conflict seen as tangential to British interests. Unquestioning support on the backbenches for military action against Iraq bas given way to questions over whether it serves a strategic purpose.

Long search for a place in the world

But then comes the second. more familiar, strand of opinion. It is rooted in Tory nostalgia for empire. Britain is placed still centre-stage, interpreting its national interest in the context of a much wider international order.

It is a current that abhors the temerity of those - most recently Mr Warren Christopher - wbo raise questions about whether Britain deserves still its seat at the top table in institutions such as the UN. It is one that bas persuaded many Tory MPs that the cuts in the armed forces mapped out by the government for a post-Cold War world went too far.

The peace dividend promised by Options for Change, the government's review of the armed forces, no longer looks quite so attractive when the government is obliged to admit that it could not have found a few bundred troops to send to Somalia. Britain must retain at least the option of reinforcing

The Tories are not alone with their uncertainties. The Labour party has yet to fashlon a coherent foreign policy from the ashes of last year's election defeat. The Europeanism which Mr Nell Kinnock put at the centre of Labour's strategy has been undermined by its subsequent record on the Maastricht treaty. The election of President Bill Clinton has led some to flirt again with Atlanticism. What is left is

diplomacy with military might.

But it is always harder for the Conservatives to come to terms with

Britain's waning influence. Mr Douglas Hurd, foreign secretary, sought to negotiate the currents in a speech last week at Chatham House.

He suggested Britain should retain a prominent role in the interlocking network of inter-national organisations - from a reinvigorated UN to the European Community and the

Commonwealth - confronting international disorder.

He foreshadowed yesterday's reprieve of two army regiments by arguing that Britain should spend more on its diplomatic service and he ready to shave less from its defence budget.

But it must recognise also Its diminishing economic power by saying No more often than Yes to new entanglements. The speech won plaudits as s

typically eloquent contribution. But it was more convincing in its diagnosis than its prescription. It provided also only a fleeting glimpse of the most uncertain dimension of British foreign policy.

Mr John Major's meeting with President Clinton later this month will generate endless analysis of whether the "special relationship" has sur-vived the Tories backing for

Mr George Bush. in reality the prime minister's concern about the new administration is much more profound. What he wants to

empire or whether it must accept with dignity a modest role on the world stage. The Conservatives would face also the choice they most fear: between Europeanism

discover above all is the extent

to which President Clinton will

hasten US disengagement from

For more than a decade the

Conservatives bave seen the

US presence in Europe as a

vital wedge between the Fran-

co-German alliance. It has

applied the brake on the ambi-

tions of those in Paris and

Bonn seeking distinctly Euro-

pean defence and foreign poli-

If President Clinton decides

to accelerate the run-down in

US forces in Europe - and by implication the priority Wash-

ington attaches to Nato - that

principal props which have allowed Britain to punch above

With it will go one of the

The cross-currents then

would not simply be between those remaining hopes that

Britain might cling on for a

while longer to the illusions of

wedge will be removed.

its weight in the world.

Europe.

cies.

#### **Britain** in brief



# costs industry

Employees who refuse to accept connselling for drink problems are increasingly likely to face the sack, the charity Alcohol Concern said as it released results of a survey on alcohol in the workplace.

#### organisations questioned by Alcohol Concern said there was a ban on drinking during company time, while nearly 35 per cent said there was a pro-hibition m alcohni m their premises. At nearly half of the companies with bans, restrictions also applied to senior

Lamont warned on higher taxes The Confederation of British industry warned Mr Norman

Lamont, chancellor of the

exchequer, against putting

management, the survey

recovery at risk by raising taxes in his March 16 budget. "Rises in personal taxation rates would set back consumer confidence at the very time when it is at its most fragile,' Sir Michael Angus, CBI president, told a meeting of the CBI

London region. Increased corporate taxes "would jeopardise the capital investment which is so vital if the UK is to see a sustained period of growth during the nineties", he added.

#### Interest rates 'fuelling M0'

Britain's narrow measure of money supply, M0, grew by a seasonally-adjusted 4.1 per cent in the year to January, narrowly exceeding the target range set by the Treasury, for the first time since July 1990.

But the government did not draw any special conclusions from the increase for the condnct of monetary policy because it was not matched by any similar growth in retail sales and because of divergent trends among other monetary indicators, including M4, its broad mnney measure, and bank and building snciety lending.

The Treasury said low interest rates could be encouraging higher cash holdings and so fueling the growth of MO.

#### Dan Air pilots submit claim

Former Dan Air pilots, dismissed at the time of the British

Airways take-over of DanAir. are to submit their claim of unfair dismissal to an indus-trial tribunal today as a preliminary to possible High Court action for breach of con-

Some 175 of the 308 pilots dismissed last November have formed an action group to fight their claim.

#### Charities fear lottery squeeze

Some of Britain's leading charities, on the eve of the House of Commons committee stage of the National Lottery Bill, warned that failure to amend the legislation could leave them "squeezed ont of existence".

With MPs due to begin detailed discussions of the bill - which should enable a national lottery to start by the end of 1994 - an intense lobbying campaign is underway

to force changes. Charity operators claim that the lottery could reduce their own annual lottery income of about £235m a year by £100m.

Jobs cuts 'vital

for survival'

HarperCollins, the Glasgow based publisher, issued redundancy notices to 256 book manufacturing staff out of a total workforce of 1,300.

The company, part of Mr Rupert Mordnch's media empire, said the job cuts were "vital" for long-term survival. Ipswich-based Eastern Electricity said it would shed 200

Two 24-hnur customer service centres would be established at Bedford and Rayleigh in Essex, replacing 10 offices scattered around its

#### Fewer failures

The number of companies entering administration and receivership last month fell to 374, part of a downward trend over the past 10 months, according to figures processed by Touche Ross from the London and Edinburgh Gazettes. There were 385 in December.

# **ONE MORE EXAMPLE OF HOW BMW** IS IMPROVING THE LOOK OF OUR MOTORWAYS.



At BMW we believe a car should be something everyone can enjoy.

Which is why our designers make sure that each and every BMW is as beautiful to look at

as it is to drive. These days, however, achieving that end is especially challenging. To preserve the characteristic BMW design while accommodating new social and environmental concerns requires an unprecedented amount of skill and artistry,

combined with entirely new ways of thinking about how a car should be designed and built.

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improve aerodynamic efficiency without abandoning aesthetic integrity.

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THE ULTIMATE DRIVING MACHINE

to anyone, anywhere in the world.
This is the sort of Image that satellite telephone companies are trying to sell to international investors and regulators. Information hrochures for these companies are strewn with exotic images of poteo-tial users - from desert nomads to dark-suited husinessmen. So far, however, their hest-known role has been in the desert sands of the Middle East during the Gulf War, when journalists on the move used them

to get the news out. Satellite telephones could revolutionise communications in much the same way that cellular phones did a few years ago. Since cellular telephones send their signals through earthbound transmitters. they are limited in their reach.
With satellite communications.

however, phone calls could he placed and received anywhere on earth, from the North Pole to Tahiti, or from the top of Mount Everest to a boat in the middle of the Atlantic Ocean.

Before this dream becomes a reality, though, companies will have to overcome two hurdles. First, they will have to win a battle against exorbitant costs, and second, they will have to win over concerned reg-

Six US companies have already committed themselves to the creation of satellite telephone systems: Constellation Communications; Ellipsat (a unit of Mohile Communications holding company); Loral Qualcomm satellite services, part of Loral: Iridium, a unit of Motorola; TRW Space and Electronics Group; and American Mobile Satellite (AMS), owned by McCaw, Hughes

In addition to telephone services, most of these companies plan to use the satellite communication system to provide data services, intercomputer communication and radio tracking. AMS already has a satoilite system in operation. However, it only has a few hundred subscrib ers and covers US territory. The other companies, with more ambitious plans for world-wide service, hope to he in fuil operation by

The estimated costs of setting up shop, though, are high. Each group will spend a minimum of between \$500m (£331m) and \$4bn for the installation of their systems. "This is an extremely expensive and risky business," ooe satellite telephooe executive explained. "A lot of these plans exist only on the drawing board, and when you're just in the development stage it's hard to have

Satellite phones could transform communications once prices come down to earth, writes Victoria Griffith

# You'll never be alone again



a full understanding of your cost structure.

The most expensive items are the satellites themselves. The telephone satellite companies bave put forth proposals for a mind-boggling array of systems, or "constellations" as they are referred to in the industry

One of the few points of agreement seems to be that the low earth orhiting satellites (Leos), which orbit at a range of 450 to 6,000 nautical miles, are geoerally preferable to the higher orbit geo-stationary satellites (Geos), which orbit at a height of about 12,000 nautical miles. Only AMS uses a geo-stationary system, mainly hecause It applied for a liceoce while the technology for Leos was not fully devel-

"The development of lower orbit satellites is exciting and has made the proposals for telephone satellite systems more viable," said Bruce Franca, deputy chief engineer with the Federal Communications Com-

mission, the main US governmental body regulating the new companies. Leos do carry some disadvantages. They have a relatively short life span, often four to five years, compared with f0 to 12 years for Geos. They are also far less powerful, so many more of them are needed to do the job. While AMS operates with a single, rented geostationary satellite, Motorola, for instance, has applied for a 66-satellite constellation system. Although more Leos are required to do the joh, they do offer economies of

"As the satellites are churned out in an assembly line-like process, the cost goes down," said John Windoiph, a Motorola spokesman. Because they are smaller and lighter, Leos are also cheaper to make and cheaper to launch. Analysts say Leos may also help to lessen the telephone voice delay which cao occur if the transmission has to travel too far from earth. Because the signals have to travel

less distance, Leos also render landbased booster systems unnecessary, and allow users to carry lighter and cheaper portable equipment. But the telephone satellite groups have very different ideas about how far out they want to go, while still operating in the Leos range, TRW, for instance, plans to operate its satellites towards the outer limit of Leos

According to Edward Nowacki, vice president and general manager of the TRW Federal Systems Division, satellites orbiting closer to earth spend more time in the earth's shadow. Because the satellites are solar-powered, this shortens their life span. "Another problem is that they get cold without the sun's rays and this applies additional stress," says Nowacki,

Constellation, on the other hand, chose an extremely low range orbit of 550 miles, which it says is a low-density height. "The higher the density, the more particles floating around and the more radiation

shielding you have to put on the satellite, says Ron Lepkowski, con-sultant to the group. Ellipsat rejected the idea of a steady, circu-

lar orbit altogether.
"With a circular orbit, you tend to get significant amounts of commu-nications capability where you can't use it, like at the North Pole," said John Naughton, vice-president in charge of engineering at the company. "With an elliptical orbit, we can pull the satellite in closer to the places which would have the heavlest traffic, and let the satellite spin

out in other, low-demand spots."

One other important advantage of the Leos is that they require a smaller spectrum range. With gov-ernments around the world worried about overcrowded radio space, this may give the lower-orblting constellations a strong hand with regula-

To operate fully world-wide, the telephone satellite companies will have to obtain approval from local governments, as well as international regulatory bodies such as the International Telecommunications Union. To facilitate their application for spectrum space, most of the companies have accepted the idea of a multiple access system, which would allow all the companies to operate along the same spectrum

The companies would share the band by providing their users with different access codes. "With multiple access, all of us could operate on such a wide band that we would become almost invisible to each other," said Douglas Dwyre, president of Global Star, which is a division of Loral. "By sharing the same band, it throws the question of spectrum share back on the market, since whoever has the most husiness occupies most of spectrum."

Motorola, however, is pushing to he allocated its own individual band. "If we're all sharing the same spectrum, the chance for interfer-ence is too great," said Windolph, Many regulators, including the FCC, say they are anxious to co-operate with the telephone satellite groups, which could provide an important consumer service.

The companies themseives are busy negotiating joint vantures with telephone operators around the world in an effort to win local rights to satellite usage. Despite the problems, these groups are determined to bave their constellations up and running in the next few

If they continue to attract the necessary investment funds, they will probably succeed, industry esti-mates are for a possible iom satel-lite telephone subscribers by the year 2005, and usage costs for satellite communications are anticipated as being just slightly above current

# Fast-talking computer shows its strength

Ionathan Constant reports on a powerful translation system

anguage barriers are set to tumble with the advent which allows messages to be sent between personal computers anywhere in the world and instantiy translated en route.

European scientists have harnessed the power of parallel processing, where np to 256 computers can work alongside each other, to achieve previously unheard-of speed and accuracy of translatio

The method is so quick that 200 pages of text in most languages can be translated in 20 minutes - a task which previously took eight hours on the best systems. Experts predict that better programming will make it even faster.

For brief messages sent electronically around the world, the operation is almost Instantaneous. Even complex documents only take a few minutes to translate.

The work, being carried ont by Bull of France, Siemens of Germany, and ICL of the UK, is part of an EC research programme known as Esprit. It is at the test stage, but products could be on the market by 1994-95.

By scanning print directly into the computer, the system will operate at half the cost of a uman translator and 35 per cent quicker, believes Bill O'Riordan, ICL's manager of research and advanced technology.

Accuracy has been a problem in the past because of the complexity of the task ... colloquiaiisms, cultural differences and context are just some of the elements that must be taken into account.

"The Archbisbop is ready for dinner," for instance, gives no clues as to whether be is waiting for his evening meal or has been captured by hnngry cannibals.

People are still oceded to edit the results, but parallel processing has enabled far more

sophisticated programming, says

O'Riordan, taking computers well

**PEOPLE** 

beyond clumsy word for word translation. "I tried to trick it with 'f think a thought'. The computer analysed this and came back with 'I think uf on idea'." O'Riordan believes the greatest demand will be for monuals and technical papers, especially from manufacturing industry which

than 55 per cent of computer translation in the next few years. Professional tronslaturs have yet to discover the benefits of the new technology: "At the moment we don't use machine translation because It takes too loog to correct the mistakes It is still quicker if we do it

is expected to account for more

ourselves," says Emma Wagner, head of the EC's English translation unit in Luxembourg. Janc Mountford of the institute of Translation and Interpreting in London stili feeis there is no substitute fur the traditional approach.

"Computers will not replace buman translators. They are a tool and if they take some of the hard graft out uf uur work they will he welcome," she says.

EC translators currently use a vast muitlinguai computer dictionary called Eurodicatum, and many sectors of industry also rely on technical language databases to aid translation of specialist papers. One of the iargest Is a medical dictionary with 230,000 terms in Japanesc and 180,000 in English.

Boh Kowalski, a professor at Imperial College London, has succeeded in disentanglion the jargon from a parliameotary paper the British Nationalities Act. The result is straightforward. logical language that is legally accorate, and comprehensible to both computers and the persoo in the street.

The next few years will see science fiction become fact. O'Riordan predicts that computers will soon cross the uitimate barrier by translating speech, with simultaneous interpreting at conferences achieved within just five years.

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NOTICA IS HEREAY OIVEN that the creditors of the above-named company are required on or before the 5th day of March 1993 to send in writing their names and addresses and the particulars of their debts or elaims, and the names and addresses of their solicitors, if any, to A R Stanway and O l Rankin of COOPERS & LYBRAND, St Andrew's House, 20 St Andrew Street, London EC4A 3AD, the joint liquidators of the said company, and if so required by notice in wrking from the said liquidator, or by their solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be sucleded from the benefit of any distribution made before such debts are prov Dated this (at day of February 1993 A 2 Stenway Joint Liquidator

IN THE GRAND COURT OF THE CAYMAN ISLANDS THE COMPANIES LAW (R) (Chapter 22)

KAINES (UR) LIMITED

(IN LIQUIDATION)

NOTICE IS HERBEY GIVEN that the NOTICE IS HERREY GIVEN that the credition of the above named company are required on or before February 28, 1975 to send fell perfecules of their debts or claims to the John Official Liquidators of the said company. In default thereof, they will be embladed from the becefit of any distribution unde before such debts are proved.

DATED this 27th day of Jenseny 1999

O. J. Cleave.

G. H. Hughes Joint Official Liquidat The midress of the Joint Official Liquidators is:

> COMPANY NOTICE

PROVINCE OF BRITISH COLUMBIA
US \$100,000,000
Floating Rate Notes, Series 8CEUS-2,
due 2003
In eccordance with the terms and
conditions of the Notes, the Interest rate
for the period 6th February, 1993 to 5th
August, 1993 has been fixed at 5½% per
armum. The interest payable on 5th
August, 1993 will be US \$27,652777 per
US \$1,000 nominal.

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SILVERTRONIC LIMITED

Notice is hursby given that A as Katasordinary
General Meeting of the above Company held at
Unit I, Lenside industrial finate, Enfold, Midda
on 20th January 1993, a Special Resolution was
passed attherising the payment of £67996 out of
the capital of the Company is respect of the
purchase by the Company of £7996 shores of £1
such from 11 W Spence. The amount of the
permissible capital payment was £67996.
The statutory doclaration and mulitors report
dated 20th January 1993 are available for
inspection at Unit 1, Lenside Industrial Ratase,
Kaffeld, Midde, the registered office of the
Company.

hetman, street, or the Company stay apply to the Company.

Any creditor of the Company stay apply to the light Contr pursuant to Section 176 of the Companies Act 1985 orbits five weaks commediately following the date of the aforementioned Special Resolution for an Order prohibiting the payment.
DATED 29th James 1993
J Deverous, Director

#### **PUBLIC NOTICE**

INSURANCE **COMPANIES ACT 1982** Notice of Approval of Transfer of Business Notice is hereby given pursuant to Section 51 (5)(a) of the above Act that the Secretary of State has approved a transfer of certain genaral business from Uni-Polaris insurance Company Limited to Uni Storebrand Insurance (UK) Limited.

Department of Trade and Industry London 30 December 1992

COMMERCIAL PROPERTY To advertise in this section, please contact Wai-Fung Cheung on 07 i 873 3574

# Reducing Ladbroke's property exposure

Ladbroke Group, is handing over the chairmanship of Ladbroke Group Properties, its property division, to John Anderson, its managing direc-

tor. Anderson is also joining the main board of Ladbroke. Anderson (right), aged 44, is an accountant who has worked for Ladbroke since 1971. He joined the property division in 1979, becoming finance director in 1988 and managing director in February 1991.

Ladbroke says Anderson will continue to report to Stein on property matters, although he

Non-executive

Mark Radcliffe (left), a

former director of TI and

John Clark (right), chief executive at BET, at

■ Roderick Sutherland has

■ Peter Price, chairman of

Hewetson and Minster Sound

resigned from RODERICK SUTHERLAND & PARTNERS,

which has now changed its name to Sutherland & Partners

SERVICES.

(Edinhurgh).

ROLLS-ROYCE.

deputy director general of the CBI, at RELIANCE SECURITY

directors

Cyril Stein, chairman of will now have more authority over the day-to-day management of the division.

Anderson's chief priority is to reduce Ladbroke's exposure to property, which has proved a serious liability during the property siump of the past three years. The group plans to reduce its portfolio of £1hn of office, retail and industrial property when it can achieve asonable prices. Anderson is also responsible for the man-agement of Ladhroke's property assets in the husiness as a whole, which are worth more than £2bn.

WESCOL GROUP.

Sir Peter Michael at CRAY

chairman at CLAYTON, SON

Sir Timothy Harford as

Michaei Worley becomes

chairman at WESLEYAN ASSURANCE SOCIETY when

John Alderson retires in April;

ELECTRONICS when he

ceases to be executive

chairman in May.

on the board.



in Ladhroke's last full year, which was 1991, the property division made a loss of £12.4m after write-downs against falling values. In the first six months of 1992, losses decpened to £14.8m in the property

#### Radio, as chairman at on May 31 when Francis

of the audit and compensation committees. Neil Thomas, former joint ■ John Burnley, former senior md of WH Smith, as chairman partner of Simpson Curtis and already a non-exec, as of OWEN & ROBINSON; Alah Gavnor, who has been acting chairman, remains chief

Howard will become

vice-chairman and chairman

& Co (HOLDINGS); he succeeds executive ■Sir John Ure, a former British ambassador snd UK Stanley Thomson who remains commissioner general for Expo 92 Seville, at CSE AVIATION. Gavin Black, a director of Chesterton International Property Consultants, at NORTH OF ENGLAND BUILDING SOCIETY. from chairman of

deputy chairman.
■ Liam Strong, chief executive of Sears, at ASPREY on the ■ Kenneth Hilton steps down resignation of Geoffrey Maitland Smith. NEWCASTLE BUILDING ■ Victor Watson at STYLO. SOCIETY hut remains vice-chairman until he retires ■ Eric Fountain has resigned from GIBBS AND DANDY. ■ John Hann will retire as ■ Rohin Bell has resigned from UPTON & SOUTHERN. chairman of NESTOR-BNA

# Founder of Arlington to retire

Raymond Mould, the founder of Arlington, the property com-pany that was bought by Brit-ish Aerospace, is retiring from the company on March 31. Mouki, together with Patrick Vaughan, snother senior

Arlington executive who will retire on March 31, is moving to a new European property consultancy in Brussels, called Business Park Consultants, a wholly-owned subsidiary of Richard Ellis Holdings. George Simpson, the BAe

director responsible for Arling-ton, will take over as chairman of Arlington Property Holdings from Mould. He will also become chairman of Arlington Securities, a post currently

occupied by Vaughan. Simpson says the resignations recognise "the changes now taking place as the Arlington husiness develops". BAe had agreed with Mould and Vsughan that it would have access to their advice for as long as necessary.

arrangements give us the best of both worlds," he says. Arlington was hought for \$278m in 1989 to add value to BAe's surplus landbank, which had grown after its acquisi-tions of Rover and Royal Ordnance. However, it has incurred iosses during the property downturn and BAe has stated that it wants to

once the property market improves. Mould says: "It is ohviously

sad to be leaving Arlington after so many years but I am pleased with the way the com-pany's future has been secured. We have both agreed that if we should return to the "In many ways, these new UK some time in the future, and if at that time BAe wished us to be available in some capacity, we would he delighted to work with them."

Mouid resigned from the main board of BAe last August. His resignation coincided with the expiry of his three-year service contract although the contracts were rolled over until the end of the year.

ECRT, the consultancy. recruitment and training group which on Monday announced pre-tax profits reduced from £2.61m tu £689,000, bas appointed John Robinson tu replace Sir Douglas Hague as non-executive chairman, with

effect from February 1. Sir Douglas sald his priorities had been to look for a chairman with "larger quoted plc experience" and to lift the number of non-executives to three, a process begun with the appointment of Ron Yearsley in September.

Robinson is currently chairman of Sterry Communications, and was previously man-aging director of Electrocomponents for five years, during which period preax profits grew from £22m to

fn addition, the management is to be strengthened further by the promotion of Barrle Clark, currently group finance director, to chief operating officer. He will make the move when a replacement to run the finance department can be found.



■ Given that the drugs industry has traditionally been dominated by men, Linda Kelly's career has been unusually

impressive. Bristol-Myers Squibh, the US healthcare gruup and tenth largest in the UK, yesterday annoonced that Kelly had been given control of all British drugs operations. Previously sales and marketing director. she has been appointed gen-eral manager of UK pharmaceuticals after only 14 months

with the company.

Kelly, 38, will report directly to Michael Loberg, president north Europe, who has responsibility for UK operations since Gsry Noon left the group In November 1991 to Join Well-come. She previously held seulor marketing positions at and Smith-Merck of the US Kilne Beecham, Angio-American group. her previous position is being split Into two, hot the replacements have not yet been announced.



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**3 35-44** 

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Nature of Business

□ 2 Construction

□ 3 Other Services

☐ 1 Financial Services

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# Two-card trick from Visa

Barbara Harrison on the credit card company's motives in sponsoring the city of Atlanta

VISA

n an unusual marketing deal, Visa looks set to become the official credit card of the city of Atlanta, Georgia. Barring a last-minute political upset the agreement, for more than \$4m (£2.6m) over four years, will be finalised next week. Already it is being hailed by city officials as n market-

They and Visa executives predict that it will be widely imitated by many other cities and companies. But the partnership has critics, who wonder how far the city's rampant commercialism may go. Will Tylenol's manufacturers market the pain reliever as the city's official head-

Maybe, if they become a sponsor of the 1996 Olympics, which will be held in Atlanta. Visa, which is already an Olympic sponsor, says it

saw the additional partnership with the city as a good "ambush marketing" strategy.

During the Winter Olympics in Albertville, France, last year, Visa accused

American Express of running a campaign which implied a close relationship with the Games, even though AmEx was not an official sponsor.

and teacher salaries. The eagerness of become part of corporation compaigns is unclear campaigns is unclear assistant commission.

Such "ambush marketing" can be also be done by plastering the airport of the Olympic city with advertising, for example, giving the impression of an Olympic link.

Olympic sponsors pay dearly for the Games' commercial opportuni-

ties (an Atlanta Cames sponsorship goes for \$40m) and react viscerally to alleged ambushers. Under Atlanta's deal with Visa, other credit card companies will be excluded from placing their ads

around the airport or from other-

wise diminishing the exclusivity of Visa's sponsorship.

While the Olympics provided the impetus for the deal, Joel Babbit, Atlanta's marketing chief and the mayor's official spokesman, believes there will be more tike it. He argues that cities are seeking new ways to raise revenues at a time when the

raise revenues at a time when the public is hostile to higher taxes. Babbit admits, however, that there are limits to such marketing alliances. He would draw the line at firearms and sexually-oriented prod-

ucts, for example.

His main targets are the 1996
Olympic sponsors, though he says
he would not rule out partnerships
with other companies. This suggestion has some in the business community worried that the city is
extorting "protection" money fromtheir Olympics sponsorships.

Nonetheless, companies appear to

be lining up to pay. Babbit says he is currently negotiating with three more companies and expects to sign similar marketing deals soon.

From Visa's standpoint, the deal protects the company's impending Olympic sponsorship, but also wins it plaudits as a good corporate citizen. Although a large slice of its fees will go to the Atlanta Conven-

tion and Tourism
Bureau to market
the city worldwide (with Visa's
logo on the materials), the remainder of the money
goes to general
city expenses like
park improvements, and police

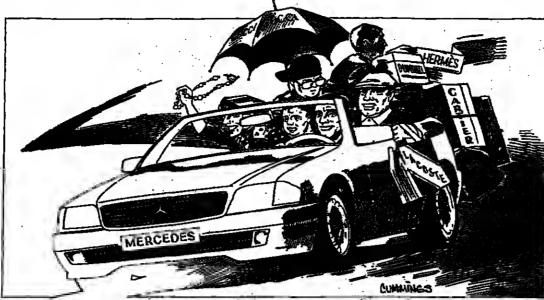
and teacher salaries.

The eagerness of other cities to become part of corporate marketing campaigns is unclear. Greg Longini, assistant commissioner for planning and development in Chicago, where the opening gama of the 1994 World Cup soccer contest will be played, says that the idea might have merit. But he cautioned: "Before the city became a partner in a corporate marketing campaign, we'd have to look very, very carefully."

One sensitivity he noted was that a marketing deal should not tread on the toes of a city's existing investors. In essence, if McDonald's has a corporate presence in your city (as is the case with Chicago), you cannot sign a deal with Burger King.

The Atlanta Chamber of Commerce has worried aloud about the

The Atlanta Chamber of Commerce has worried aloud about the potentially harmful effects of the Visa deal on economic development. The chamber, which leads Atlanta's promotional efforts to recruit investors, is concerned that the city's alliance with Visa could preclude investment by other credit card companies.



# Luxury for everyone

Gary Mead on the mass-marketing of exclusive brands

he German motor manufacturer BMW grew powerful not just by producing an excellent range of cars; careful nurturing of the BMW brand image also helped, making BMW owners feel they were members of an exclusive club.

an exclusive club.
But times are changing. BMW is now running press advertising in the UK which features a gleaming BMW bonnet accompanied by the slogan: "It'e just like a £65,000 BMW, only £50,000 less." By stressing value-for-money as much as status, BMW is tinkering — at what risk is difficult to assess so far — with that important intangible, brand image.

Another luxury German car producer, Mercedes, has decided to take a similar route. Last week its chief executive designate, Hslmut Werner, announced that the company plans to transform itself from "a car manufacturer with a long tradition in the luxury class" into "an exclusive full-line manufacturer offering high-quality vehicles in all segments of the market".

Once it starts producing smaller, cheaper vehicles, though, will Mercedes also dilute its brand reputa-

tion? Not necessarily. Some luxury

goods producers have successfully pinned their premium label on cheaper goods, without losing their

consumer appeal.

In 1973, Cartier launched its "Les Must de Cartier" brand of trinkets aimed at the mid-market purchaser. The range proved successful, helping Cartier achieve annual growth of 25 per cent in the 1980s, and in 1991 contributing more than half of the company'e SFrl.8bn (£800m)

Jean-Louis Dumas-Hermes followed suit in 1978, bringing ont cheaper items with the same Hermes badge as is attached to considerably more expensive items; sales have since grown ninefold, to FFr2.4bn (£300m).

Some analysts, though, attribute the relative decline of luxury brand names to an undisciplined extension of the branding to a plethora of products; at one point, for instance, the name Gucci could be found on 14,000 different products, arguably diluting beyond repair a once exclusive name. In the 1970s General Mills extended a sporting status symbol of the time, the Lacoste alligator, into a widened clothing market; sales started to sharply decline in 1962, which may have been due

to a dilution of the luxury brand.
But brand-stretching of those sorts of luxury goods does not provide the best marketing analogy for what Mercedes is about to attempt. Purchasers of luxury personsi accessories are not, on the whole, looking for utility as well as social status from their purchase; nor have the likes of Dunhill, Cartier or Hermes truly attempted to become

mass-marketers.

Whereas these companies were simply seeking to boost profits at the margin, Mercedes is arguably angaged in a more fundamental fight for survival. In the car world, where technological distinctions are becoming increasingly narrow, price-plus-quality is becoming a marketing must. Werner said that Mercedes was in danger of being priced out of world markets if it stuck only with its luxury models

which were "over-engineered".

Like BMW, Mercedes is starting its mass-marketing from an enviable position of brand strength. The trick is to produce cars for the common person without also becoming, in the minds of consumers, just another box-pusher. After all, far worse than damaging a brand, perhaps, is to see it die allogether.

# Regional bank bucks the trend

**By Michael Cassell** 

ost of the UK's big highstreet banks may be taking the knife to their
branch networks - hat not all.
Yorkshire Bank, whose Australian ownership is not permitted to
obscure its komely, northern flavour, underlined how it is successfully backing the trend with
the opening of its 270th branch at
Hemel Hempstead, Hertfordshire,
last week.

Yorkshire cannot claim to have completely escaped the storm of political criticism directed nt banks. But it sees the present wave of ill feeling more as a market opportunity than a problem.

Far from dreaming up a novel strategy for the times, however, it actics seem to be to play on its traditional strengths while the others flounder.

In terms of products, Yorkshire cannot claim to be much different from its larger competitors. Its emphasis has been on carving ont for itself a different brand image, consolidating its position as a regional hank — though its branches now stretch from Gateshead to Slough — and of winning business from customers who are simply fee up with its rivals.

Yorkshire took a close look at the promotional activities of its competitors last year and found that customers were unimpressed with the stark contrast between expensive advertising imagery and actual delivery. It believed the service its own network delivered was, if anything, running ahead of its image.

With personal and small- to medium-sized business accounts as its main target, Yorkshire increasingly makes a virtue of its size and parochlalism. Its claims of friendliness and approachability seemed to be supported recently when it was voted best overall bank for customer satisfaction by "Which?", the UK consumer magazine.

While insistent that it will not necessarily pick up accounts other banks consider too risky. Yorkshire maintains that the greater autonomy and discretion given to its managers guarantees a more considered, sympathetic approach.

Not everyone, however, is impressed. Christopher Cartwright, the owner of a small but long-established graphic design company who responded to Yorkehire's well-publicised desire to help small husinessmen, says he got a sympathetic hearing — and a polite refusal. "So much for a different approach," says Cartwright のできない。

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The state of the s

wright.
Not content with welcoming suitable refugees from other banks, Yorkshire also has a keen eye for the empty high-street properties vacated by its shrinking competitors.

ing competitors.

The bank has moved into hranch premises vacated by competitors in such towns as Macclesfield, St Alhans, Reading and Slough, though it remains fussy. It turned up its nose at every branch on a long list of properties put on the market hy Midland Rank.

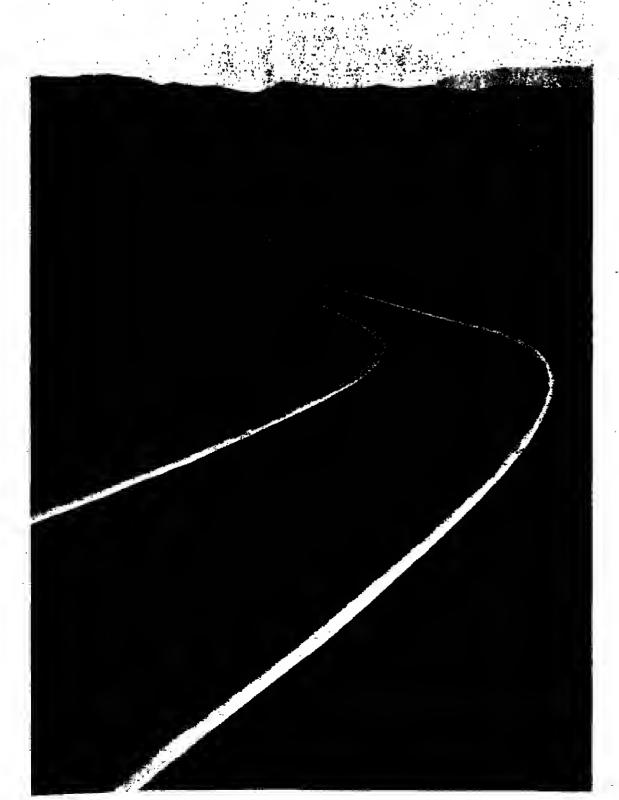
Expansion is nndertaken steadily, advancing into new, adjacent areas only when the bank's local presence has been established. With a large chunk of the country now covered, attention is primarily concentrated on expanding within existing areas, rather than on reaching new regional markets.

There are around 70 locations on the bank's expansion list, although only three new branches are projected to open this year. At around 2500,000 a time, no one wants to get the next location

So far, Yorkshire claims it has never been forced to close down a hranch, most of which become profitable in about three years.

Yorkshire does have some things in common with its larger counterparts — apart from its recently reported 1992 losses. It shares the view that branches will increasingly take on the appearance of other high-street shops, with the majority of space given to customers, rather than staff.

The Hemel Hempstead hranch, with its spacious banking hall, is a sign of things to come. Steve Harrison is far too thrilled with his first manager's post to complain about his own, windowless box at the back of the building. In any case, he intends to spend most of his time on the road seeing customers: "If I'm sitting in here I'm not making any money," he grins.



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four and one-half hours to just under three. It's good for the

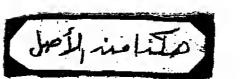
The economy benefits as well. The carriage bogies of the ABB-built X2000 self-steer through curves, so you can step the pace up 40 percent in perfect safety. That means it can run on tracks built almost a century ago, saving billions.

Finally, it respects the environment. The ingenious low-weight AC electric propulsion system uses energy much more efficiently, for example by feeding power generated in braking back into the line for re-use. And best of all, there is no need to tear up miles of countryside for new rights of way.

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A few reels later: death. Weapon, a bunch of keys. Place, a house in West London. Victim and culprit - for me to know and you to learn.

girl can go - until Madame Marigold-Yellow (Leslie Caron)

blows in. She is Miss Black's

mother, come from South

America to pour trouble on

Damage is scripted by David Hare from the novel by Josephine Hart and has the screaming orderliness of Hare's best film Wetherby. At first the sense of neat board-game melodramatics seems constricting. We have seen these moves before, haven't we? Not least in Losey-Pinter's 1967 Accident: perm Irons and Graves into Dirk Bogarde and Michael York and then add an interchangeable French-accented homewrecker.

But Hare and Malle make a more brutalist, 1990s partner-ship and an ultimately brilliant film. In Accident the Britain burst open hy romantic apocalypse was the old cricket-anddreaming-spires ons. Damage gives us an older, greyer Euro-Britain already raddled by geopolitical anxieties. Here a French film-maker and English writer can find common ground in a tale of sex, death and Brussels agriculture initia-

With tariff barriers crumbling, not even passion now bothers to stop at borders. In mid-movie Irons is seen nervously wooigathering at an EC conference, before dashing off to Paris to disturb the bedsheets of his weekending son and mistress. Elsewhere in the film the language of sex - that gymnastic gohbledegook that unites co-linguists and excludes all foreigners - is treated at once frankly and scientifically. As Irons and Binoche grapple on carpets, on tables or in stand-up French alleyways, we recognise a human phenomenon at once stirringly viscaral and arcanely, forbiddingly ritualis-

Damage is a psychosexual board-game, blending real emo-tion with a postmodern fondness for heraldic tropes. Though Miss Binoche's nymphomania is humanised by a back-history ahout a hrother who killed himself, we know that she is really the Angel of Love and Death: a belle dame sans merci for the mid-life Minister. He in turn is pinperfect Mr Grey, the very model of a of film noir romance/suspense,

The return of Alec McCowen, after

three decades, to play Prospero in The

Tempest; Robert Stephens as Lear, Max

Stafford Clark directing The Country

Wife and Ian Judge Love's Labour's

Lost, new productions of Murder in the Cathedral and Goldoni's The Venetica

Twins, are among the highlights of the

Royal Shakespeare Company's 1993

Stratford season, announced yesterday.

There will also be a new play by David

Pownall, Elgor's Rondo, starring McCowen as the composer.

At the Barbican in London the RSC is

playing safe with successful transfers

from Stratford, like The Beggar's Opera,

compote of both. There are bits



Juliette Binoche and Jeremy Irons: a 'belle dame sans merci' for a mid-life Minister in 'Damage' Film/Nigel Andrews

# A board-game of sex and death

modern Major generalist, as lumpen-paparazzo Pesci though Jeremy Irons gives him so many sad and witty shadings that the particular grows from the prototypical. Malle, with cameraman Peter Biziou and designer Brian Mor-

ris, creates a visual style that sets off the movie's ever more telling ambivalences. Hints of hyperbola – in the stately piles of Irons's social circle, in the stark angles and colours of Binoche's neo-Art Deco flat are softened by humanist lighting. And even the character who seems most unbendingly iconic, Miranda Richardson pale and enamelled-of-feature as Irons's wife, is allowed a scarifying scene at the close: a breakdown played as if all the wellbehaved misery of Britain had at last been allowed its volce and revenge.

"Why are you doing this?" someone asks The Public Eye's news-photographer hero on catching him in flagrante depicto. "It's what I do that's all" comes back shutterbug Leon Bernstein (Joe Pesci). The movie's "Bernzy" is based on real-life 1940s photographer "Weegea", who earned his name from his ouija-like powers of getting to murder scenes before the police and almost

before tha murderers. Exchanges like this - terse. hardboiled, pseudo-profound proliferate in this solo directing debut by Howard Franklin, who co-directed the Bill Murray comedy Quick Change and scripted the Ridley Scott thriller Someone To Watch Over

The Public Eye is like a daft

courts glistening nightclnb owner Barbara Hershey. (Plot: she is being blackmailed by the Mafia). And there are bits better blts - of caustic knockabout as Pesci performs his quick-change routines in order to hi-jack moments of criminal history. Student photo-journalists, please note the skill with which he cuts out a "dog-collar" from an old

Louis Malle THE PUBLIC EYE (15)

shirtsleeve, turning into a

DAMAGE (18)

Howard Franklin

THE END OF THE **GOLDEN WEATHER** lan Mune

HONEY I BLEW UP THE KID (U) Randal Kleiser

FOLKS! (PG) Ted Kotcheff

priest to crash a wounded crook's ambulance. Wit, though, is slowly pushed aside hy portentous wisdom. As well as likahle

clown our Bernzy must be a misunderstood artist: his snaps of poverty or urban violence missed as "too sensational" by publishers he approaches to print them in book form. So sent back into the streets, he decides to show them how sensational life really is. Foilowing a Mafia black-market intrigue all the

After 30 years Alec McCowen

returns to the RSC

way to e showdown between families, he is there to catch the bloodbath on camera. It sounds schematic and, oh

dear, it is. Through the

retro-noir visuals move the plot pawns. Poor Miss Hershey looks as if her daily call-sheet read "Come dressed as Gene Tierney or Barbara Stanwyck" and only Pesci, resembling an overfed penguin in a mac. crackles out lines with some of the animist venom he found for GoodFellas. Franklin directs like a man divided: it is as if he is holding up a photo of what a "stylish" film should be like with one hand, cranking the camera with the other, and nervously glancing between the two as dramatic life drains

According to cinema from the - see My Brilliant Career, The Getting Of Wisdom, Celia, Flirting etc. etc. -growing up is a fulltime occupation. Adults are those oversize eccentrics who icom in from side of screen, wielding a Bible or cane or rolling pin. Children are those holy truants who forever wander the gilded beach or outback seeking and finding lost Edens.

The End Of The Golden Weather is the recipe as before. But as directed by Ian Mune from a stage play by Bruce Mason, it has such charm you tuck in eagerly. We are on a stretch of New Zealand coast with cliffs like layer cake. The usual grown-ups hover round the side of the narrative banquet table - fierce Dad, dimpling Mum, dotty aunts and uncles - while 12-year-old Geoff (Stephen Fulford) sits in the middle. Also jockeying for space are Geoff's mentally defective pal Firpo (Stephen Papps), who wants to be an Olympic runner, and the real Olympic runners who interrupt their beach training to rag Firpo something rotten.

Nothing and everything happens. Indeed the film is best when pursuing the sublimely marginal: like the night of disastrous Christmas theatricals by Geoff and his young sister and brother. Despita moments here-we-go-again Antipodean archness - need there be quite so many shots of gorgeous haach end sunset-golden rollers? - this is a film about feeling good to be alive which makes us feel good to be alive.

Honey, I Blew Up The Kid makes us feel there are worse things than a swift and painless demise. Suburban boffin Rick Moranis, last seen shrinking his spawn at great special-effects cost to Disney, here goes the other way. Two-and-a-half year old 112-foot Adam becomes the Baby That Terrorised Las Vegas. But wit and true inventiveness are left behind in miniature state, along with Moranis and his struggling co-stars (Marcia Strassman, John Shea, Lloyd Bridges).

Folks! is worse: a long questionably tastefui, unquestionably mirthless comedy about Alzheimer's disease. Directed by Ted Kotcheff, it has Tom Selleck coping with senile dementia in father Don Ameche. The title plus exclamation mark says all. Next up, no doubt, if they make a sequel. Oldies! Wrinklies! or Loonies!

£700,000 a year in sponsorship from Royal Insurance after the 1993-94 season, have persuaded him to reduce the new productions at the Royal Shakespeare Theatre to four. However the Royal Shakespeare Theatre is currently undergoing a £400,000 facelift, including new seats.

A boost for the RSC has come from English Estates, which is to sponsor the regional tour of Julius Caesar to small venues, like sports halls. The cost will be in excess of £100,000.

Antony Thorncroft beauty of the Lorca text.

There just might be more

Theatre/Alastair Macaulay

# 'La Musica': a French 'Private Lives'

They loved each other once, but they couldn't bear being married to each other. Now re-marry, they realise that they are still in love. We have come across this situation before in drama as well as in real life. I mean. Noel Coward made it a classic comedy of it in Private Lives. Broadway and (especially) Hollywood made a whole genre from it see The elphia Story et al. La Musica is Marguerite Duras's version. It is very French, very dejected, very plotless, and pretty damned dull. From the first re-meeting,

comparisons between Private Lines and La Musica are inevitable. Like Elyot and Amanda, Michel and Anne-Marie try to avoid for a long time the shocking fact that they are still attracted to each other. They quickly point out when they must leave, they are politely considerate about each other's plans, they make discreet enquiries about the other one's intended, and then they start to reveal how much heartbreak they have been through. Cer-tain details make Michel and Anne-Marie the more believable conple. Anna-Marie wanted a child; both of them were consumed by jealousy; at one time he came near to mur-dering her, at another she close to suicide.

But these details are few and far between. What consume both Anne-Marie and Michel is ennul. Early on, when talking guardedly about the once-in-a-lifetime hell of love, she says "If it does happen again, it's perhaps because one hasn't found another way of ... " She pauses, and he helps her out .. of dealing with the ... the weariness?" "Yes," she says. Later, his new mate rings up and asks how things are going. He replies, almost casually, We're in the hotel lounge We're both in despair." How to get through the rest of their lives? This is what preoccupies

And La Musica is more successful as an expression of Weary; Harriet Walter and Larry Lamb

French worldweariness than as an examination of a broken marriage. True, you could say something similar about *Pri-*vate Lives - that it is more truly an expression of English frivolity than it is about a couple who can't live together or apart. But Private Lives creates its own world and makes it tick. La Musica does not have the energy or the nervous system to be e play - it is too sophisticated. It is full of post-Chekhoviao non-sequiturs, post-Proustian reminiscences of obsessive jealousy, and post-Maeterlinckian symbolism ("Come into the light") that

serves no purpose.

Joseph Blatchley, directing, has paced the dialogue to nearperfection, but both Harriet Walter and Larry Lamb, excel-lent actors, are miscast here. It is not that they sound or look

too English - far from it. But her nervous intensity is too upfront, and he is too obviously sensitive and passive. Both of them lack the degree of mystery, cool and self-possession that would give more tension to what Duras leaves unspoken. (English actors cao achieve this; my mind goes to Nicola Pagett and Jonathan Hyde in Anouilh's The Rehearsal two years back.)
The triumph of the produc-

tion is Geraldine Pilgrim's set a hotel foyer with doors and stairs leading who knows where Nothing ever happens in this grand hotel, hut it is in a haunting shade of grean with mysterious smoke in the air - and overgrown branches beyond the windows.

Hampstead Theatre, Swiss Cottage. 071-722-9301



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#### Concert/Andrew Clements

# Born in the USA

In the 1970s George Crumb was magic left in the sounds than porary American composers, a conducts rather as he comsuccess founded on his knack of offering all the exotic textural trappings of the avant garde within a friendly sugarcoated shell Twenty years on it is John Adams who occupies a similar position of eminence in the US. Adams's confections may be sugar-free yet they have their own surface allure, even if in keeping with the spirit of the 1990s it is a far more astringent one.

On Monday Adams himself conducted the London Sinfonietta in a programme of contemporary American works, three of them UK premieres, which ended with Crumb's Ancient Voices of Children. The song cycle was beautifully delivered by the mezzosoprano Christine Whittlesey and treble Sam Pay, yet sounds now a nuseum piece, the thin musical substance sustained only by its web of cultural references and the undimmed

poses, with bold poster colours and bracing rhythmic energy which leave precious little room for suhtlety or magic. Certainly Peter Liaberson's nimble Raising the Gaze would have benefitted from more air and awareness of light and shade than Adams and the Sinfonietta instrumentalists suggested, while Tod Machover's Song of Penance seemed over-insistently eloquent.

Machover's was, though, an intriguing construction, with a solo computer-linked "hyperviola" (played hy Paul Silverstone) set against dense textures which combined live and pre-recorded instruments and voices. A specially commissioned poem serves as the-matic backbone; it appears in both spoken and sung form throughout the work, usually embedded deep in the textures. while the hyperviola alternates keening chromaticism with ripe romantic barmonies. The mixture is beguiling and repel-

lent by turns like latter day the most performed of contem- was obvious here, for Adams Skryabin; the sheer density of the sound world is seductive in ltself.

There was some new Adams too, a Chamber Symphony completed last year which was receiving its first British performance. The Schoenbergian echoes of the title belie the musical substance. There are three movements with calculatedly memorable titles -"Mongrel Airs". "Aria with Walking Bass", "Roadrunner" - and plenty of spiky stylistic allusions along the way.

The first movement jumbles Soldier's Tale Stravinsky with Threepenny Opera Weili, the second unfolds an increasing elaborate skein of lyrical lines over a constantly mobile bass. while the finale is an extrovert romp, highly virtuosic (brilliantly played by the Sinfonietta) and propelled by a rocklike rhythmic pulse. It is artfully put together, undeniably attractive and ultimately, I suspect, totally specious.

Barbican Hall, BBC Radio 3

# INTERNATIONAL

#### ■ ATHENS

Concert Hall Sun and Mon: Artie Quartet plays works by Mozart and Heydn. Next Wed and Thurs: Melos Quartet (722 5511)

#### ■ BOLOGNA Teatro Communale Mon: Brodsky

Quartet. Feb 16: Marcel Marceau. Feb 20: first night of Elijah Moshinsky's production of Simon Boccanegre (529999)

#### ■ CLEVELAND

Severance Hall Tonight, tomorrow, Sat: Jahja Ling conducts Cleveland Orchestra and Chorus In Mendelssohn's Elijah. Naxt week: Kyung Wha Chung pleys Bruch (231 1111)

#### **■ COPENHAGEN** Royal Theatre Tonight and Tues: Arladne auf Naxos. Tomorrow and Mon: Peter Maxwell Davies bailet Caroline Mathilde, choreographed by Flemming

Flindt. Sat: Lohengrin. Wed: Le nozze di Figaro, Next Thure: first night of new production of Balanchine choreographies (3314

As You Like It, Antony and Cleopatra and Tamburlaine the Great Later in the

year comes the interesting revivals with Tom Stoppard's Travesties,

directed by RSC artistic director Adrian

Noble, Schiller's The Death of Wallen-

stein, and a London premiere for Alan

Ayckbourn's dark comedy Wildest

There will also be a world premiere of

Misha's Party written jointly by the

#### **■ FLORENCE** Teatro Communale Sat and Tues:

Evgeny Kolobov conducts Yannis Kokkos production of Boris Godunov, with Ruggero Raimondi and Olga Borodina. Next production: Die Frau ohna Schatten opening on Feb 25 (277

#### **■ THE HAGUE**

Danstheater Tonight and tomorrow: Nederlands Dane heater in choreographies by Hans van Manen. David Parsons and Jirl Kyllan. Sat and Sun: Djazzex In choreographies by Glenn van der Hoff and others. Thure: world premiere of work by Paolo Ribeiro (360 4930)
Dr Anton Philipszeal Tonight and tomorrow: Gunter Herbig conducts Hague Philharmonic Orchestra in works by Lutoslawski, Francalx and Beethoven (plus eltarnative programma on Sun afternoon). Mon: Netherlands Chamber Orchestra (360 9810)

#### **■ LONDON**

 No Man's Lend: Harold Pinter's 1975 play transfers from the Almeide, in the production directed by David Leveaux starring Paul Eddington and Pinter himself. Now in previews,

Language states of the production of the contract of the contr

Press night next Tues (Comedy 071-867 1045) King Lear: tha Royal Court'e

American playwright Richard Nelson

and the Russian Alexander Gelman and

set in Moscow just before the 1991 coup

Although audiences in the past year,

at 80 per cent, were slightly above 1991 and the RSC will break even in the

1992-98 season, Noble is cautious in his

repertoire. The recession; an accumulated deficit of £2.5m; and the knowledge that the RSC will lose its

first Shakespeare since 1980, in a hard, unglemorous production directed by Max Stafford-Clark (Royal Court 071-730 1745) Richard III: Simon Russell

Beale's savagely funny monster in Sam Mendes' RSC production. Till Feb 20 (Oonmar Warehouse 071-867 1150)
Carousel: Joanne Riding and

Michael Heydan In the Rodgers and Hammerstein fairground musical (National Theatre 071-928 Artists and Admirers:

Ostrovsky's funny, moving play about turn-of-the-century Russia. An RSC production directed by Phyllida Lloyd (Barbican 071-638 DANCE/OPERA Covent Garden Royal Ballet: Steeping Beauty tonight and

tomorrow, plus world premiere of new David Bintley work next Thurs. Royal Opera: Edward Downes conducts Elijah Moshinsky's new production of Stiffelio on Sat and Wed, with José Carreras and Catherine Melfitano; Thomas Hampson makes his Covent Garden debut in e revival of II berblere di Sivigile on Mon (071-240 1066) Calissum ENO repertory consists ol Jonathan Miller's production ol Rigoletto tonight, next Wed and Fri, The Turn of the Screw with Valerie Masterson and Philip Langridge tomorrow and Carmen with Sally Burgess on Sat, next Tues, Thurs and Sat. Feb 19: new production of Don Pasquale

(071-836 3161) Sadler's Wells Birmingham Royal Bailet seeson runs till Feb 13 with two David Bintley atory ballets. Tonight, tomorrow, Set: Hobson's Choice. Next Tues-Sat: Tha Snow Queen (071-278 8916) Royal Albert Hall Bolshoy Ballet daily except Mon till Feb 14

(071-589 8212) CONCERTS Royal Festival Hall Tonight Yehudi Menuhin conducts YMSO, with violin soloist Vadim Repin. Tomorrow: Mark Wigglesworth conducts BBCSO in Messiaen'e Turangalila.

Sun: Boulez conducts Messiaen, Carter and Boulez. Mon: Georg Sotti conducts Vienna Philharmonic Orchestra In symphonies by Mendelssohn and Shostakovich. Tues and Thurs: Klaus Tennstedt conducts Haydn's Creation. Wed: Neville Marriner conducts ASMF in works by Lutoslawski, Sibellus and Dvorak (071-928 8800) Queen Elizabeth Hall Heinrich Schiff and Alban Berg Ouartet play Schubert. Tomorrow: London Chamber Orchestra plevs Debussy, Mozart and Feuré. Sat: Graham Meyo conducts English Heritage Orchestra in Berlioz's L'Enfance du Christ. Sun atternoon: Endellion String Quartet Mon: Stefan Popov plays Welton's Cello Concerto. Tues: Schubert programme with Slan Edwarde, Imogen Cooper and BBC Singers (071-928 8800) Barbican Tomorrow: Anne Sophie Mutter violin recital. Sat: Stephane Greppelli 85th birthday concert Sun: LSO String

Ensemble plays works by Bach

and Vivaldi. Tues: Polish Chamber Orchestra, Wed. James Judd conducts New Queen's Hall Orchestra with piano soloiat Vladimir Ovchinikov, Next Thurs: Kent Nagano conducts LSO. Feb 13: Igor Oistrakh. Fab 17, 18: Ute Lemper sings WellI (071-638 8891)

#### ■ PRAGUE CONCERTS .

Tonight and tomorrow in Dvorak Hall, Andrew Davis conducts Czech Philharmonic Orchestra in works by Mozart, Martinu and Eigar (286 0111). Tues and Wed at Smetana Hall: Martin Turnovsky conducts Prague Symphony Orchestra (232 2501)

National Theatre has La bohéme tonight and tomorrow, Katya Kabanova next Tues and Thurs, and Rusalka on Wed (205364). Estates Theatre has Don Giovanni on Sat and Le nozze di Figaro on Feb 19 and 25 (228658). Prague State Opera has ita annual opera ball on Sat, L'Italiana in Algeri on Wed and Les Contes d'Hoffmann next Fri

 For pre-booking, contact city centre ticket agancies (Sluns, Wencesias Square 28 in the passage, tel 261602, or Bohemia, Na Prikope 16, tel 228738, or Melantrich, Wanceslas Square 38 in the passage, tel 228714) end theatre box offices.

#### ■ STOCKHOLM

Royal Opera Tonight and next Wed: Simon Boccanegra. Tomorrow and Mon: Coal fan

tutte. Sat Arebeila. Next Tues and Thurs: Cav and Pag (248240) Konserthuset Tonight; Leif

Segerstam conducts Stockholm Philharmonic Orchestra in works by Strauss, Lloyd Wabber, Weill and Respighi. Sun: Anne Sophia Mutter (244130)

#### ■ ASHLAND/OREGON OREGON SHAKESPEARE FESTIVAL. The Oregon Shakespeare Festival

festival, which was founded 58 years ago in the town of Ashland in southern Oregon, opens Its 1993 season on Feb 19 and runs till Oct 31. The programme is divided

between three thestres and it also puts lour Shakespeere works in repertory with eight other pleys.

The opening Shakespeare production this year is Richard

ili (Feb 19), followed by Cymbeline (Feb 25). Antony and Cleopatra (June 8) and A Midsummer Night's Oream (June

The repertory also include a Feydeau farce, e play by August Wilson about freed slaves, Terrence McNaily'e Broadway success Lips Together Teeth Apart, John Webster's The White Devil and Carvi Churchill's play ebout the fall of Ceausescu, Mad Forest. Performances are dally except

A festival brochure and booking deetails are available from: PO Box 158, Ashland, OR 97520 (Tel 503-482 4331).

European Cable and Satellite Business TV (all times are Central

MONDAY TO THURSDAY Super Channel: Europesn

European Time)

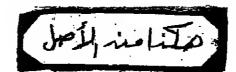
Business Todey 0700; 22.30 MONDAY Super Channel: West of

Moscow 1200. Super Channel: Financial Times Reports 0630 THURSDAY Sky News: Financial Times

Reports 2030; 0130 FRIDAY Super Channel: European Business Today 0700; 1200; 2230 Sky News: Financial Times

SATURDAY Super Channel: Finencial Times Reports 0830 Sky Newe: West of Moscow 1130; 2230

SUNDAY Super Channel: West of Moscow 1830 Super Channel: Financial Times Reports 1900 Sky News: Wast of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030



# He has seen the future, and it works differently



In the two dozen booke has written since his first

BOOK The End of Economic Man, in 1939, he has dealt in various combinations with philosophy, politics, economics, ancient and modern history, sociology, science, technology and - most notably - the management of all types of organisations, from esses to non-profit bodies

and even governments.

Very occasionally, this stillfresh 83-year-old has turned his hand to integrating all these themes into one volume, in a manner rivalled by few writers over the past 50 years - and that includes the once-fashionable John Kenneth Galbraith. Yet Drucker's reputation among moet "educated persons" (the object of the slightly teasing conclusion of this volnme) rests just on his seminal writings about business man-

These range from classics such as Concept of the Corpo-ration in 1946, through The Practice of Management in 1954, right up to Innovation and Entrepreneurship in 1985. plus the book a year he has

produced since then. With Post-Capitalist Society, Drucker has reverted to weaving all the threads together into a universal tapestry. For readers uninitiated in his power and range, the book should put an end to his narrow reputation. It reveals him better than ever as an acute observer of the underlying trends in each subject area, and his erudition and perspective belp him knit them together persuasively.

The "post-capitalism" of his title may create unfortunate echoes of the recent flood of often half-baked writings about "post-modernism" in almost every walk of society and the arts. But it has method in it.

We have entered a "post-cap-italist" era, says Drucker, in the sense that the "capitalist" society of the mid-1800s to mid-1900s was dominated by two forces: capital and labour. Now, and increasingly over the next two decades, we will move rapidly into a "knowledge" society, in which the most vital

POST-CAPITALIST SOCIETY By Peter F. Drucker In UK, Butterworth Heinemann £16.95. In US. HarperCollins \$25

factor of production will no longer be natural resources, capital or labour - all of which can be obtained with relative ease today - but

By the year 2000, he predicts. there will be no developed country where workers making and moving goods account for more than one-sixth of the labour force.
Instead, the two key classes

of society, with a greyer line between them than there has been between capital and labour, will he knowledge workers and service workers. Drucker argues that the main economic and social challenges will be, respectively, the productivity of the former and the dignity of the letter, whose numbers will be slightly

Lest his "post-capitalism"

In future, he argues, the most vital factor of production will be knowledge, not natural resources, capital or labour

should confuse the reader, Drucker makes it clear that it is in no way anti-capitalist in the sense that some post-modarnists, though not all, are anti-modernist. It is centred upon the free market, as the only proven economic mechanism, although some of its institutions will have to change their roles, Commercial banks, for instance, will make their money increasingly by receiving fees for information, rather than by earning a return on money.

Among the other characteristics of post-capitalist society, says Drucker, will be the confusing economic, political, social and managerial effects of constantly see sawing tension between tribalism, nation states, regionalism and "trans-

For all his illuminating dis-

The theme of this year's Davos World Economic Forum was "rallying all the forces for global recovery". There was a good deal of agreement on a general theme that the world needed a sustained, soundly-based recovery rather than a quick fix. There was also the theme of

Drucker is at his most thought-

almost always more effective

than diversification, whether

ing a return on it. Hence, as be says, the lack of an adequate economic theory of knowledge

on the need in a knowledge-

intensive society to take educa-

tion out of the traditional

classroom and, by the use of

technology, to make it avail-

able - and attractive - to peo-

Universal "literacy" will consist not just of reading, writing and arithmetic, but also of fully-fledged numeracy, an

understanding of science, tech-

nology and foreign languages, plus what Drucker calls "learn-

ing how to be effective as a

member of an organisation".

Above all, it will require better

process knowledge" - includ-

ing "learning how to learn" -

as distinct from traditional

In order to lay the founda-

tions of this society, Drucker argues that schools and col-

eges will have to become open

to all ages, as well as more competitive and accountable

If all this seems too rich and

indigestible a concoction to

swallow, potential readers should be reassured that

Drucker's sparse prose is laced

with allusions not just to

Socratic versus Protagorasian

debate (about the nature of

knowledge), but also to 13th-

century Sienese art, to Jean-Jacques Rousseau, to Margaret

Thatcher, and even to the Giri

Drucker is nothing if not

eclectic. After all the torren-

tial, over-cooked outpourings

of American futurologists such

as John Naisbitt and Alvin Tof-

fler over the past decade, this

slim volume makes a meatier

yet more elegant and refresh-

ing change of menu.

SINGLE HIGHLAND MALT SCOTCH WHISEY.

Scouts movement.

subject knowledge.

for their performance.

ple throughout their lives.

in a business or a hospital.

provoking on the economics and productivity of knowledge, and on organisational issues such as why specialisation is a world capital or savings shortage. How this could be so amid so many complaints of recession and the calls to stim-ulate spending baffled me. If In an especially intriguing chapter, he points out the diffi-culty of quantifying know-ledge, and therefore calculatthere is a shortage of savings one would expect interest rates to be rising and demand to be booming. Instead we see the opposite. The nearest I got to an answer was from a well-known US economist who despite the emergence of know-ledge at the centre of the wealth-producing process. At a more down-to-earth level, Drucker dwells at length wanted to see a rise in American savings, but not too much too soon, echoing Saint Augustine, who wanted to become virtuous, but not yet.

The European Monetary System (RMS) was a peripheral theme in the global forum. But it was extensively discussed in what British political conferences would call fringe meetings. A widespread consensus. covering Germany as well as Britain, was expressed by Mr Robin Leigh-Pemberton, the governor of the Bank of England, when he said that the EMS had to work more flexihly, "with more timely and more frequent realignments".

The former French prime

minister Raymond Barre, himself a pioneer of European Community monetary arrangements, agreed that it had been mistake to see the European exchange rate mechanism (ERM) prematurely as a de facto monetary union. He would have preferred a realignment earlier in 1992. He would have liked the UK to have realizned downwards by a few percentage points together with Italy, Spain and Ireland while the D-Mark and the French franc should both have realigned powards. Yet only a couple of years ago the Bundesbank was pressing for an appreciation of the D-Mark against the franc as well as

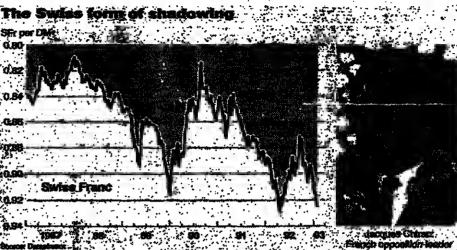
The French government is now braced for a further speculative attack on the franc, maybe bigger than last autumn's, either in the run-up to the parliamentary elections in March, which the right-wing opposition headed by Jacques Chirac is likely to win. Some think that the pressure will be greatest during the negotiations that lead up to the next Christopher Lorenz period of co-habitation between the French conservatives and

other currencies.

ECONOMIC VIEWPOINT

# Germany fails the Maastricht test

By Samuel Brittan



President Mitterrand

The paradox is that on "fundamentals" the franc is in a stronger position than the D-Mark. French inflation is lower, the budget and current account balances are in better shape; and there has been a smaller drop in industrial production in the current recession. Indeed one reason why the Bundesbank is against an early fast track to monetary union among a few core coun-

The Bundesbank sees an intellectual case for wide margins in the ERM

tries is the belief that Germany is not strong enough for such a step — the budget deficit in particular is likely to be for everal years well above the Maastricht criteria,

Nor is the Bundesbank impressed by some of the specific proposals in the air, such as representatives of the Bundesbank and the Banc de France sitting on each other's boards. Apart from anything else there is no body equivalent to the Rundeshank council in France and the Bundesbank is unwill-

ing to chare responsibility for German monetary policy in advance of the Maastricht pro-

As for the frequent sugg tion of a narrowing of the franc-D-Mark margine, the response is that there is an intellectual case for wider not narrower margins to provide flexibility. A de facto example is provided by Switzerland, ere the national bank has in practice shadowed the D-Mark within a broad band as well as targeting the money eupply, but, unlike Austria, has avoided rigid currency links. Because of expectations of a rising Swiss franc, Switzerland can now have short-term interest rates some 3 percentage points below those of Germany. (The reason why a wide margin did not work in the British case is that the central rate was regarded as too high

reached). A proposal for wider margins would be thrown out politically by France and some other nations as a step away from the European goal. The Bundesbank is therefore unlikely to propose it in the current review of ERM procedure. The one argument for a franc

and there was no belief in a

likely upward rebound when

the bottom end of the grid was

depreciation is the height of French short-term interest rates and the high and rising level of unemployment. French officials regard their country's unemployment as largely structural, reflecting labour market blockages - which does not sit easily with the insistence of the Mitterrand government for a so-called

social element in the EC. Obviously French unemploy ment has been aggravated by

French officials regard their country's unemployment as largely structural

recession. But the increase has not been anything like as large as in Britain and the dependence of French households and industry on short-term finance is very much less. The mestion for the country's leaders is whether it is worth jeopardising the credibility so painfully won by the years of the franc fort policy and the political gains from the close monetary relationship with Germany for the sake of a quicker cut in interest rates. The Bundesbank objection to

"unlimited intervention" in 🕻 favour of any currency is well-known. But it may not arise because of the French policy (unlike the British last policy (unitie the British Est autumn) of defending the franc before the limit of the grid is reached. The hope of both the German and French sides is that a mixture of finite Bund-eshank intervention, French willingness to use reserves and to introduce emergency

increases in interest rates, will enable the franc to pull through nutil the end of March. There are strong hints that the French have undisclosed lines of credit, apart from their partners' ERM obligations. These could be either with the Bundesbank directly or through the central bank network at the Bank for Inter-

national Settlements in Basic. The hope is that such mea-sures will buy time until it is clear that a new French government supports the franc-fort. The need for interest rate differentials against Germany could then go. In addition, German interest rates may at last be in clear decline. These two influences together should be eufficient to reduce French interest rates by up to 5 per-centage points, and resist the political pressures for a U-turn. The strongest force going for the franc is, however, the market belief that it is fundamen-

tally very strong. A Swiss banker specialising in France told me that he was switching from franc deposits into French equities. But be hesitated to move Freoch francs into other currencies because he did not expect at worst an depreciation of more than 5 per cent and that there were many risks and costs involved, including the strong chance that the franc would

soon start moving up again. The greatest risk for the French franc is the delay in making aubstantial cuts in German interest rates. If questioned about the strong recesslonary forces in Germany, Bundesbank sources will ask why they are not showing up in the monetary numbers. They also see little sign of any other underlying turnround in

Navertbeless the Bundes bank does look at the real economy as well as the money simply and once the symbolism of the solidarity pact with the unions, employers and Lander is in sight – Chancellor Kohl has given a deadline of February 17 - the Bundesbank will have to start reducing interest rates in earnest. But I cannot blame it for waiting until the last possible moment.

#### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

#### Stability of interest rate the real need

From Mrs Rowena Mills. Sir, Mr Norman Lamont, the chancellor, was not particularly wise in reminding us that interest rates are now at their

lowest level for 15 years - viz, 1978 ("UK base rates cut to 15-year low", January 27). There are all too many of us who will vividly recall that on November 23 1979 the minimum lending rate, as it was then called, was jacked up to 17.5 per cent (I was driving at the time of the announcement and nearly hit a tree), and from 7.5 per cent in May 1987 to 15 per cent in September 1989. How can the chancellor possibly fail to

the chancellor possibly fail to

understand that a reduction to 6 per cent will be of little stimulus to concumption and investment when there is this record behind him?

Above all, companies and individuals need to be confi-dent of long-term stability in lending rates before they go out into the market place and commit themselves to expenditure or borrowing on any significant scale Rowena Mills,

Rowena Mills Associates, Peart Hall. Spaxton, Bridgwater, Somerset TA5 1DA

chairman and chief executive,

company was at fault in agree-ing a substantial real increase in pay in exchange for greater productivity. This was both unfair and illogical.

deal on productivity

Illogical to fault ICI's new

I hope you would concede that the future of Britain is es a high-skill, high-wage economy, like Japan, and not-merely as an EC base for that country's "screwdriver" operations. If that is the case then what is the problem with workers who produce more being paid more?

The GMB is, and will remain,

From Mr Keith Standring.

Sir, Your leader ("ICI pays mp", January 2) on the new deal at ICI argues that the top to this for the benefit of our members and the ICI argues that the top the ICI argues that the forefront of negotiations which make British industry more productive, but we do this for the benefit of our members and the ICI argues that the top the ICI argues that the ICI argues t bers and the UK economy as a whole, not simply for the benefit of shereholders.

If we had a few more compa-nies such as ICI we would have neither a trade deficit nor a ballooning poblic sector borrowing requirement. But then to achieve that we also need a government with an industrial strategy.

Keith Standring, national secretary GMB, process and construction secin. 22-24 Worple Road.

#### PO Counters profitable

From Mr Richard Dykes. Sir, You assert ("Parcelling up the Post Office", January 3) that Post Office Counter Services loses money. Not so. Since our company was set up as a separately managed sub-sidiary in 1986 we have consistently hit the profit targets set hy government. Last year we made £26m, a return on capital employed of 10.5 per cent. This year we are well oo course for another successful result. Richard Dykes, managing director, Post Office Counters.

Drury House, 1-16 Blackfriars Road,

Sir, In his Personal View (January 29), Mr Malcolm Bruce mentions "subsidised French electricity". Such an allegation is wrong. Every two years e thorough assessment of the nuclear energy costs is done by a group of experts from various fields of exper-tise: oil, gas and coal producers, power generators and equipment manufacturers, representatives of Electricité de

From Mr Claude Mandil.

The conclusions drawn from their studies have proved to be consistent with the onee obtained by experts from the most recognised international

France and civil servants as

Nuclear the cheapest energy in France bodies such as the OECD. Its last report, entitled Reference Costs, which has recently been published, clearly shows that in France nuclear-fuelled elec-

tricity is, for load-based periods longer than 4,000 hours a year (ie, for half of the year), still the most efficient and cheapest source of energy.
Such a conclusion remains valid even under contrasting scenarios concerning the prices of primary fuels, strong cur-rency exchange rates and dis-

count rate fluctuations. The present cost of French nuclear electricity, between 20 and 22 cents a kilowati/hour, includes all the costs derived from the antire nuclear pro-

cess, particularly the repro-cessing and storage of nuclear waste and the decommissioning of obsolete plants. All such costs are, under very conservative hypothesee, integrated into the nuclear kilowatt/hour final cost.

Electricité de France, which operates our electro-nuclear programmes without any subsidy, is a profit-making company though. Its operating profits will amount to about FFr3bn (£360m) for 1992. Claude Mandil. director general for energy. Ministry for Industry, 99 rue de Grenelle, 75353 Paris.

#### Police still face many problems in combating serious fraud

Sir, The article by Robert Rice ("Dilemma over dealing with City cases", January 27) commenting on the working party report by the bar high-lighted many of the problems faced by the authorities in combating serious fraud. Apart from the retention of

the jury, there were a number of matters in the working party's recommendations with which I could disagree.

I do not believe that the Serlous Fraud Office, the Crown Prosecution Service – or indeed City regulators – are capable of deciding whether a defendant is likely to receive a custodial sentence. If offences ing. However, what is essential prosecution, defendants may which are investigated by the to reduce important fraud tribe directed to give a written

with them? Self-regulation is not at pres ent working - some disciplin-ary proceedings are almost as

costly as many Crown Court trials! They can be too frag-mented, have only powers over members and while they can impose substantial financial penalties, they are powerless to deal with non-member accom-

I agree that some elements of compounding," as practised by the Customs and Excise, are attractive, but would prefer a formal system of plea bargain-tee However, what is essential

SFO are not serious enough to warrant prison sentences, why would that office be dealing party call the defendants' an end to what the working party call the defendants' "right of non-co-operation".

> weight of evidence submitted" led Lord Roskill'e Fraud Com-

mittee to conclude that non-cooperation "is a hindrance to efficient handling of many fraud cases". The committee dismissed the argument that an obligation to disclose would be an infringement of funda-mental principles of criminal law. Following that commit-tee's report, Section 9(5) of the Criminal Justice Act 1987 requires that, after the service of a case statement by the

statement outlining the "general" nature of the defence. Unfortunately, in practice the intentions of parliament have been thwarted whenever a defendant does not see fit to co-operate. Possibly as a result of the word "general", in more than one trial since the act, defendants' "statements" have called on the prosecution strictly to prove all of the case for the Crown. Other than being later commented upon by the judge to the jury, such compliance is not compellable J A McStravick, Detective Chief Superintenden Company Fraud Department, Metropolitan Police,

2 Richbell Street. London WCIN STA



**FINANCIAL TIMES** 

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our Editor

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BAY I LIGHT AND

Free speech for Europe

THE EUROPEAN Commission will soon decide whether to abolish the telephona monopolies which exist in most member states. Its decision will not only be a watershed for telecommunica-tions but will also define its overall attitude to public monopolies.

The decision will be controversial as the public consultation now at an end has shown. Ranged against full-blooded liberalisation are most of the monopolies themselves, backed by their national ministries. In favour are users and a few telephone companies, the most important being British Telecommunications, which published a powerful document on the subject this week.

It is uncertain which way the Commission will go. This is partly because the two commissioners with the higgest say — Mr Karel van Miert, in charge of competition, and Mr Martin Bangemann. in charge of industry - are both new to the sector. But the Commission should bave no doubt over what to do. Not only is the economic case for full liberalisa-tion of both services and infra-structure overwhelming. The Commission is argushly required to open the market by the Treaty

of Rome's competition provisions. Competition will bring lower prices and stimulate investment in new services. In particular, it will help tie Europe together by driv-ing down cross-border tariffs which are three to six times higher than charges for calls of a similar distance in the US. Maintaining monopolies, by contrast, will undermine Europe's competiand Japan have already moved down the path of liberalisation.

tiveness at a time when the US

The legal position is also clear. The European Court of Justice has reaffirmed that the treaty's competition provisions apply to public monopolies and that the commission has the authority to implement them. In this case - as in others concerning competition -the principle of subsidiarity cannot be used to deter commission action. If nations had local choice ou whether to open up their mar-kets, the single market would

quickly fragment.

The only possible justification for retaining the monopolies would be if that was the only way social obligations, such as the pro-vision of universal service, could be preserved. But this much-used argument has been undermined by the fact that telecommunications has been successfully liberal-ised elsewhere without abandon-ing social ohligations.

It is, of course, important to ensure a level playing field so that new rivals do not simply "cherry-pick", leaving the established players handicapped with obliga-tions. But this is perfectly feasible for example, through a system of access charges whereby competitors contribute to social costs.

The Commission has already taken small steps down the path of liberalisation. It may now be tempted to take more half measures and phase them in over a long period. But Europe has already waited long enough and nothing less than full competition

# Japanese lessons

JAPANESE manufacturing companies, throughout most of the past decade, have been feared and admired in equal measures by their competitors in Europe and the US. But three years of falling profits has brought many Japanese companies down to earth. The electronics industry is becalmed; Japan's personal computer makers are facing an ouslaught in their own market from US producers such as IBM. Dell and Compag; the car makers are struggling with the depreciation costs of their huge investments which have left them with vast overcapacity in Japan.

Throughout the 1980s western companies were urged to learn many Japanese lessons. Sony and Toyota were held up as models of the lean, innovative and farsighted companies. Western firms were urged to make production more efficient and improve quality through more flexible working practices and to emulate Japanese producers which, in cars and electronics, have developed a wider range of products with greater speed than their competitors.

But not all the sources of Japanese success in the 1980s have been properly understood, os a recent Bank of Japan report concludes. Much of the improvement in Japanese manufacturers' finances was due to the availability of cheap finance from banks and the stock market. Japanese companies' profits rose and their market valuations soared. enabling them to buy foreign compenies and build plants abroad.

This cheap capital heiped to mask a deterioration in performance at most companies where fixed costs rose. As the stock market has fallen, the cost of capital in Japan has risen, thereby undermining one of the main advantages of Japanese companies.

Yet the downturn is exposing the real strengths of the best Jananese companies: a well-educated workforce; deep financial reserves built up over time; good technology to exploit strong market positions and, at some companies, farsighted senior management.

Past economic crises forced Jap anese manufacturers into wrench ing restructuring from which they emerged much more competitive. The oil shocks of the 1970s forced a shift from heavy industry to light industries such as electronics. The yen appreciation of the 1980s led Japanese companies to

diversify internationally.

This capacity to reinvent its corporations and to remake its industrial structure still persists in Japan. Companies are retreating from some of the gospel of the 1980s. Product ranges are contracting. The life-cycle of products is being extended. Supplier networks are being rationalised. The lifetime employment system is being reformed with retirements among older workers more commonplace Companies are paying greater attention to controlling costs and expanding their profit margins.

The last few years have thrown up some new Japanese stars, such as Nintendo and Seaga, the electronic game companies which dominate industries which did not exist 10 years ago. These nimble, entrepreneurial companies should serve as a model for restructuring which is much needed at the lum bering giants such as Matsushita, the electronics group.

Japanese companies will come

out of this downturn deprived of some of the advantages they enjoyed in the 1980s. Some may never again experience the glories of the 1980s. But it would be very unwise of any western company to assume that the Japanese challenge is bound to fade.

# Cyprus choice

GREEK CYPRIOTS have an important decision to make next Sunday, and the Sunday after, in their two-ballot presidential election, it is to all Intents and purposes a referendum on the "set of ideas" proposed by the United Nations as a basis for reuniting the island as a single state, but with two separate zones for Greeks and Turks and a federal constitution. The Incumbent, Mr George Vassiliou, was intimately involved in negotiating this document and is firmly committed to it. Of his two serious opponents one, Mr Paschalis Paschalldes, rejects it outright, while the other. Mr Giafcos Clerides, says it contalns both good and bad, and

claims that he can improve it. The latter claim is quite unrealistic. The set of ideas, although worked out by the UN Secretariat on the basis of two years of intensive contact with both sides, has been rejected by Mr Rauf Denktas, the Turkish Cypriot leader, as giving too much to the Greeks. But it has been formally endorsed by the UN Security Council which, in a resolution passed last November. pointed its finger clearly at the Turkish Cypriot slde as being responsible for the failure of repeated attempts to reach agree-ment, and furnally called on that side "to adopt positions that are consistent with the set of ideas' on certain important issues.

That the Security Conneil should have involved itself in this way in the substance of negotiations between the two communities, and have come down so clearly on one side, is unprecedented, and constitutes a remarkable victory for Mr Vassiliou's moderate and reasonable approach. Mr Denktas and his protectors on the Turkish mainland are more isolated internationally on the issue than at any time since Turkey used force to secure the northern third of the island for the Turkish-speaking fifth of the population in 1974-75.

At that time the Turks successfully defied Security Council resoiutions calling for the withdrawal of all foreign troops from the island; and in cold war conditions the council did nothing about it. except urge the two Cypriot com-munities to negotiate. In the 1990s it will not be so easily fobbed off. Turkey would have to take seriously the position of a re-elected President Vassiliou, backed by a sympathetic President Clinton and, for once, a united EC. Greek Cypriot voters would be foolish indeed if they spared the Turkish government that dilemma.

#### Nakajima set himself tha goal last year of being regeneral of the World Health Organisation, following a Japanese custom he painted one eye on to a huge red-and-gold papier-maché head. Twelve days ago he painted on the second eye to mark his victory: a second five-year term at the head of one of the largest and oldest United Nations institutions, despite being dubbed by critics the least popular

director-general in its history. There have been many attacks on my style but I am pleased with the [election] outcome," he says, in a deadpan comment on one of the most bitter campaigns fought in the WHO. When the Japanese ornamental carp at its Geneva headquarters were found gutted on the grass one morning last summer, many assumed it was the work of his opponents. In more explicit statements, be has been accused of poor communication, autocratic tenden-cies and lack of leadership.

He kept his joh by a decisive 18-13 margin hecause of support from developing countries, who make np most of the 31-strong board. They appear to believe he will be better than his rival candidate, Algeria's Mohammed Abdelmoumene - who was backed by the US and Europe

- at safeguarding their health programmes. Although Japan has not yet played a prominent part in international aid projects, his reelection may represent a judgment by developing countries that they can no longer rely so heavily on the European and US economies.

But just days into his new term Dr Nakajima has ordered an inde-pendent audit into alleged financial irregularities in awarding contracts to research institutes. He is also confronted by a series of difficult strategic issues now facing the organisation and by doubts that he is the right person to resolve them. Founded in 1948, in the flush of

post-war bumanitarian ideals, the WHO is dedicated to tackling some of the world's most intractable problems - the growth of popula-tion and the spread of disease. Its greatest triumph came with the eradication of smallpox in 1977. Its influence is considerable: its pronouncements can force governments to clean up drinking water or persuade mothers that "hreast is best" for their babies.

Yet the organisation lacks the high public profile of some of the smaller UN agencies which have been fighting emergencies in Bosnia and Somalia, such as Unicef, the children's fund, or the UNHCR refugee schemes. "We could fly in like them, with good-looking doctors and TV crews, hat it's not our style," says one WHO official. Primarily a research and advisory

# Not in the best of health

The WHO faces recurring internal divisions and doubts about its effectiveness, says Bronwen Maddox



body, many of whose 4,500 staff hold degrees from top western medical colleges, the WHO adopts a low-key approach. Its doctors point out that together with its long-term outlook, this makes success hard to define. Smallpox is the only disease it has eradicated, and future triumphs are unlikely to he as clear-cut. It had intended malaria to be the second "wipe-out" but it realised more than 20 years ago that it would have to limit its goals. It was typically taking pharmaceutical companies 10 years and \$75m to develop drugs to combat the dis-ease, but the malaria parasite was mutating into drug-resistant forms at a much faster rate.

The WHO's latest targets are still formidable, and its doctors are cautious about whether they are achievable. It hopes by the year 2000 to have eliminated leprosy and polio and to have immunised more than 90 per cent of the world's children against measles, whooping cough, tuberculosis, tetanus, polio, and diphtheria. It has already reached more than 80 per cent of cent hy Japan. For several years,

children, but the rest live in the poorest countries where disease is most prevalent. Universal immunisation "may be almost impossible", says one official.

The spread of Aids, perhaps the higgest challenge the WHO faces and the one with which it is most closely identified in the public mind, presents even greater difficulties. With no vaccine in sight, the WHO says it is trying simply to curb the spread of the disease. Its doctors say they judge success by small steps - persuading health ministers to take Aids seriously or setting up the distribution of condoms to Nigerian brothels.

But now that recession is making

developed countries look more closely at their aid budgets, the low public awareness of much of the WHO's work and the difficulty of measuring progress leaves it vulnerable in the fierce international com-

pelition for humanitarian funds. Its core or "regular" budget cover-ing 1992 and 1993 was \$724m, a quar-ter contributed by the US and 12 per

like many UN bodies, its contributions have risen in line with inflation. However, the WHO collected only 76 per cent of its core hudget last year; several poor countries defaulted on commitments, and the collapse of the former Soviet Union wiped \$70m off its income.

Some programmes, notably Aids. have managed to continue to grow, because of the increase in funds given hy donor countries for specific projects. For 1992 and 1993 together, "extra" contributions amounted to \$999m, a third more than the core hudget; 20 years ago such contributions were only a quarter of its size.

While the new funds are welcome, the trend has led to accusations from some of the 182 member countries that donor countries are "hijacking" the WHO hy giving money only where they are assured of control, and that its priorities are increasingly selected by lobby groups in developed countries. The Aids prevention and testing

programme attracts much of the criticism as it is now the largest external challenges.

single programme and one of the largest in the UN, with an annual budget of about \$80m and a worldwide staff of 450. The US, which has shown vigorous support, finds about a quarter of the funds.

Dr Michael Merson, director of the Aids programme, is adamant that its size is justified. "I don't know of any other disease that affects young and middle-aged adults, is 100 per cent fatal, and can penetrate 30 per cent of some populations - I think it's a wise invest-

ment to put in this kind of money. In contrast, the WHO's research into "human reproduction", which includes some of its work on contraception, gets only about a quarter of the amount provided for Aids. That is partly because in the past the US has not contributed to work involving abortion, even though the projected doubling of the world's population to 10bn in the next 50 years will jeopardise standards of health in many countries.

owever, Dr Paul van Look, head of the reproduction programme, says that lack of money has not been a problem. He says he is pleased with achievements such as persuading the Chinese government to distribute more efficient copper intra-uterine devices instead of steel ones to reduce the number of

unwanted pregnancies.
In light of the increasing strains and problems of defining the WHO's role, the anxiety among member countries and staff about who runs the organisation is understandable. Some of the antagonism over the election arose simply from a clash of styles; Mr Nakajima's cautious bureaucratic approach clearly jars with the WHO's rangy, shirt-sleeved doctors who itch to leave Geneva for the villages of Africa and Asia. But he also lacks vision at a time when many WHO staff feel they need a charismatic leader to articulate the organisation's ideals to the outside world. That sort of role appears to make him uncomfortable. He says: "Of course I could talk about leprosy or polio, but my priorities for the next five years are streamlining the budget and improving internal co-ordination."

There seems some justification. too, for his critics' accusations of poor communication. Although he speaks English, the meaning behind phrases such as "the priority of structure" or "paradigms of health care" can be elusive.

The countries which voted for him may be right in calculating that the Japanese financial contributions to the WHO will grow. But Dr Nakajima'a re-election may nonetheless prove to be a source of recurring friction within the WHO at a time when it faces its greatest

# Power must return to the provinces



Britaln needs strong, stable local government now more than at any time in recent years. This Few aspects of modern British politics and administration PERSONAL have heen more

VIEW wasteful of public money and time than the seemingly endless disputes which have taken place between Whitehall and town halls.

It is time for these disputes to end and to establish a new partnership between central and local government. While central government will always be the stronger partner, a reasonable recognition of the practical limits of its power and even more of its perspicacity is needed. Then we shall be able to make better headway in facing np to the country's social and economic problems. The government is learning this

lesson, yet it continues to propose far-reaching changes in the powers and responsibilities of local govern-

Indeed, Britain is now close to a

situation in which Whitehall takes decisions on relatively small matters affecting local people and communities. This is without it being able to place the issues in a local context, and it risks increasing people's alienation from the political

My case for local government has four elements.

The first is the most nebulous but the most important. Is it possible to imagine a healthy democracy at the level of the national government without there being a sound foundation in some system of local govern-

A healthy democracy rests not just upon a national parliament hut needs vigorous political debate locally; the opportunity for citizens to participate in meaningful decisions affecting their communities; a means for communities to balance conflicting interests locally rather than needing to refer to the central authority; and a proper system of local accountability for financial management and propriety.

Too often local democracy has been replaced by appointed bodies. answerable only to the centre. And I know from personal experience that the power and influence of an appointee are much less than that of a person who has been elected to a position, however flawed the process of election may be.

Second, hy spreading decision-makers we minimise the effects of any errors in public policy. We have the opportunity to experiment, perhaps to take some risks without

Democracy rests not just upon a national parliament but needs vigorous political debate locally

committing the whole body politic to a particular course of action. It may well prove better to organise the provision of health, education or housing services in a new way. But what if it is not? By concentrating so much power at the centre we risk getting things spectacularly wrong and fail to allow for the testing and evaluation of new policy initiatives.

Local government is also of continuing importance to Britain's economy. It employs 2.8m people and spends £60bn a year. It provides the necessary social and physical infrastructure to our economic life. A national partnership would allow central government time to concentrate upon national concerns with corresponding benefit to public

Third, a better partnership could in several ways save public expenditure. One would be hy eliminating over time many of the organisations that bave grown or been newly established in recent years to take over in whole or in part functions which were once the preserve of local authorities.

Finally, the lessons of a comparative study of Britain's main compet-itor nations ought to be heeded. Each starts from a different position in the relative powers of its central and regional or local government. But none of our European partners is significantly reducing the power of local authorities. Nor does there appear to be so many disputes with local authorities, nor proposals to take over local powers and services

without consultation with local government.

The new democracies in eastern Enrope are busy establishing vibrant local and regional govern-ments. Can all these countries really he wrong while Britain is right? Recent history strongly suggests otherwise

Britain's local government is not perfect. By its very nature some authorities will manage their affairs better than others. But local government has gone a long way in recent years towards putting its own house in order. Westminster and Whitehall need to recognise this and be prepared to return some of the real power lost hy local communities in recent years.

If the principle of "subsidiarity" is

right for Europe, why is it not also right for Britain?

#### **Martin Easteal**

The author is chief executive of the Local Government Commission for England, which is reviewing local government structure

#### OBSERVER

#### Hot seats and empire-builder, Beseler hardly musical chairs ranks as an economic liberal. Under his ageis, anti-dumping has developed into the EC's most ■ What should be a routine game of musical chairs at the European powerful protectionist weapon, which critics say has often been

Commission, following the recent resbuffle of commissioners, is starting to become rather fun. It seems that the Germans are having second thoughts about how they want to play the "name-yourdirector-general" part of the game. Rach member state gets to fill

a chair. The Germans had been expected to use Dieter Frisch's departure from the EC development policy directorate - he couldn't get on with his prickly Spanish commissioner Manuel Marin to appoint its own man as DG in charge of the new common security and foreign policy division. Gunter Burghardt, Jacques Delors' highly regarded foreign policy adviser, seems to have been under the impression that the job was his for the asking.

However, the latest word is that the Germans now have their eye on a different DG post, the newly created job of overseeing the internal market. That would disappoint both Burghardt and the British, who want the job for John Mogg, Sir Leon Brittan's private secretary during the Westland affair and now deputy DG of the industry directorate. Bonn's leading candidate is

Johannes Beseler, head of the

Commission's anti-dumping

division. He would be a distinctly odd choice. A talented nsed to shelter uncompetitive producers at the expense of consumers. Surely that's not what the internal market is supposed to be about?

#### Breakdown

■ The London-based Institute of Quality Assurance is always banging oo about Total Quality Management - or TQM to its disciples. Strange therefore that a review copy of "Quality 2000 -Management for Success", just published for the Institute (at £40 plus post and packaging), arrived with its hardback cover on back-to-front and upside down.

Could this be a comment on the state of British management theory by its Hong Kong-based printer?

#### Standard fare

I Imitation may be the sincerest form of flattery but timing is important, too. No sooner had the the plongeurs washed up on the last Friday afternoon of the FT's Lunch for a Fiver formight, than representatives from London's Evening Standard were ringing

BANX

'I'm in industry - I'm a receiver' restaurateurs to see if they were

interested in their proposed Dinner for a Tenner during April. Although the FT scheme was described by Brian Clivaz, general

manager of Simpsons-in-the-Strand, as "the most successful restaurant promotion ever", his fellow restaurateurs are also aware that April usually heralds an upturn in trade. Surprising if there were many takers.

#### Official

■ Whitehall's war against the English language continues. The Office of Public Service and Science in the Cahinet Office has

announced that William Waldegrave "is tasked by the prime minister, with identifying areas of excessive secrecy in government and to carry forward the moves already under way across government towards greater openness". Perhaps it's time for a discreet silence on educational standards.

#### Fresh-faced

■ With an eye on the UK Budget. now less than six weeks away, the BBC has finally finished fine-tuning its economics team. Gerry Baker, 30, and with a first in PPE from Oxford, has been

hoiked out of Panorama, where he was a producer, to take over as economics correspondent from Steve Levinson, 44, who has defected to Channel 4 news. Levinson, an old Press Association hand, did a lot to improve the Beeb's economic coverage after Daniel Jeffreys quit.

However, the 1990 arrival of Peter Jay, well-known economic guru and former ambassador to Washington, meant that Levinson had to move if he wanted to be more than number two. Another casualty of Jay's growing economic empire is Dominick Harrod, 52, son of the late Sir Roy Harrod. He's been economics editor of BBC radio since 1979 and leaves next month.

Bimedia types, who can flit effortlessly between radio and TV, are all the rage at the Beeh

currently and, as an old wireless man, Harrod seemed increasingly sidelined. What's left of bis empire will now fall into Jay's hands.

By contrast, Baker seems to have all the right connections. He's no stranger to BBC director-general John Birt, having started his TV career on LWT's Weekend World, and also gets on well with Jay. He produced Jay's recent documentary about Bill Clinton during the making of which the Beeb's 56-year-old economic guru is reported to have sampled his first McDonald's hamburger.

#### Daf's death notice ■ Moved by the plight of his

compatriot company, a Daf-driving Dutch haulier decided to do his bit by calling on customers to continue buying trucks from Daf. So Peter Stoof, general director of Breda Transport, took out an ad in the Algemeen Dagblad; "Let your national feelings speak if you are about to invest in new

material!" he urged fellow truckers. Unfortunately, the newspaper placed the ad at the bottom of the deaths column.

#### Spouse appeal

■ Does Hillary Clinton actually like the saxophone? In Observer's experience, where one half of a couple is a saxophile, the other is a saxophobe.

US-French joint venture will sell systems for wide area data networks

# Alcatel and Sprint in data link

By William Dawkins in Paris

ALCATEL of France, the world's leading supplier of telecommunications equipment, and Sprint, the third largest US long distance telephone company, have agreed to form a \$300m turnover joint venture in data communications

The new compeny, Alcatel Data Networks, will sell equip-ment and systems to large public and private data communications networks, such as France Télécom's Transpac, already among the 300 network operators that

form the partners' customer base. Other customers include telecommunications carriers, service pro-viders, state agencies, airlines

This will be among the top two companies in the world in the specialised but fast-growing field of wide area data networks, or data communications between separate sites, said Mr Jozef Cornu, the Alcatel vice-president responsible.

It will have an estimated 25 per cent world market share, in competition against the data commu-nications divisions of Northern Telecom of Canada, Ericsson of Sweden and Germany's Siemens The European market for this kind of equipment is worth Ecu2.3bn (\$2.8bn) e year in

Europe and growing at 20 per cent annually, said Mr Cornu. Alcatel Data Networks, based in Paris, will be 51 per cent con-trolled by Alcatel, which is providing the chairman, Mr Pierre Guichet, and 49 per cent held by Sprint, but it will be jointly man-

Sprint is expected to provide about \$180m of sales in the first year, with the remaining \$120m from Alcatel. It will employ 1,000 people, 700 from Sprint and 300 from Alcatel, drawn from the US partner's network systems department and the equivalent branch on the French side.

The group will distribute each partner's products, and provide both companies with the complete range for their own distri-

They will also co-operate on the introduction of equipment sed on so-called asynchronous transfer mode, e way of speeding up transmission of pictures, voice

# Germany halts new defence spending

Purchase of DM3bn US high-altitude reconnaissance system cancelled

By Quentin Peel in Bonn

MR VOLKER RUEHE, the German defence minister, yester-day announced a standstill on all new defence contracts, and the cancellation of plans to buy a DM3bn (\$1.83bn) high-altitude US electronic reconnaissance sys-tem, as part of e total review of defence spending.
He told the defence committee

of the German Bundestag, the lower house of the parliament. that he had ordered the review, to be completed by the end of March or early April, in an effort to find substantial further savings in the defence budget. Cuts of DM860m have to be made this year, and of DM700m a year from 1994 to 1996, to belp pay for increased spending in east Ger-

The minister said no contracts would be exempted from the spending review, including that for the redesigned European Fighter Aircraft, being built jointly with the UK, Italy and

The drastic move to freeze all contracts, which will also affect any existing spending plans containing review clauses, will endanger thousands of jobs in the German defence industry, according to an official of IG Metall, the engineering workers' union. He called on the government to produce a coberent concept for the conversion of defence production into civilian manufac-

The cancellation of plans to system was abruptly called off by



Defence minister Volke Rühe: looking for savings to pay for increased spending in the east

buy the so-called Lapas aerial reconnaissance system, with some DM800m already spent on its development, is likely to cause political backlash in the US. The electronic system is manufactured by E-Systems, of Greenville, Texas, while the high-altitude aircraft designed to carry it was being produced by a German company, Grob Luft und Raum-

fahrt, in Bavaria. Signature of the governmentto-government contract for the Mr Rühe last month when it emerged that allegations of possible corruption were under investigation by the Bonn state prosecutor's office.

Mr Max Streibl, prime minister of Bavaria, a former inspector of the Luftwaffe and two senior officials in the arms procurement division of the defence ministry have all been accused of taking free holidays at the expense of the Bavarian aircraft manufac-

Mr Rühe's move to freeze all

new defence spending, and cancel the Lapas contract entirely, may for a while divert political attention from the charge

Mr Rühe told the defence committee: "We can no longer afford to take special account of domes-tic, or regional political, or eco-pomic factors," Reduction in the personnel of the Bundeswehr would take longer to have a significant effect on budget spending, and therefore further cuts in equipment contracts must be

#### THE LEX COLUMN

# Currencies under fire

The equity market obviously enjoys e scare on the currency front. Yesterday's 39 point gain in London owed something both to the weakness of sterling itself and to the strains which have resurfaced in the ERM. The former, though, carries a degree of risk. A weaker pound may help produce some export-led growth but yesterday morning provided e cantionary reminder that sterling's fall could eas ily run out of control, forcing the authorities to back away prematurely from their easy money policy. Although the UK has left the ERM, its position would be more secure if tensions within the system forced a cut in German interest rates. The continental economic outlook would improve, creating brighter export prospects. Pressure on sterling would abate, and with it the inflationary threat from unilateral depreciation.

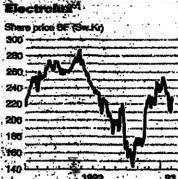
From this perspective, currency developments in Europe yesterday were good and bad news. The pressure on the Danish krone is clearly serious. Like Ireland before it, Denmark is suffering from a severe loss of competitiveness against its main trading partners. A belief that this could so undermine the system that the Bundesbank would be forced to cut rates prompted sharp gains on the Paris and Frankfurt equity markets. The bad news, for those looking for lower rates, is that it may take some time for the situation to become critical. Pressure on the French franc is not yet severe enough to warrant action by the Bundesbank at today's council meeting - especially since it has been signalling continuing dissatisfaction

with events on the domestic front. Lower short-term rates in Europe would also help channel overseas flows into the UK gilt market, reducing the funding pressure on domestic institutions. There were tentative signs yesterday that sterling's weakness had prompted a flicker of foreign interest in gilts, but nothing like the flood required to cover next year's deficit. One must not exaggerate. A decisive shift in German policy, if it came, would not be a panacea for the UK. But its problems would look a lot less. daunting than they do at present.

#### Electrolux

As Europe's largest manufacturer of fridges and washing machines, Elec-trolux is a sensitive barometer of consumer confidence across the continent. Judging by yesterday's annual results, Europe's shoppers are a pretty

FT-SE Index: 2873.8 (+39.4)



dispirited bunch. Demand was especially weak in the Nordic countries and Spain. Germany remained resilient but has now begun to soften. There is no sign of improvement in

the UK. This bleak outlook prompted Elec-trolux to halve its dividend after persevering for two years with an uncovered pay-out. Its shares fell 6 per cent as a result. The news struck an ominous note for other Swedish industrial groups at the start of their reporting season. Dividend cuts from other groups, such as SKF and Stora, are now taken as read. Electrolux can do little to improve

its lot. It has already extensively rationalised its operations and cut its workforce by 10 per cent, Its fortunes depend upon a pick-up in demand. The one bright spot is the US, but Electrolux has a comparatively small share of that market and is burdened by expensive dollar borrowings. The better corporate news from Sweden will come from the likes of Asea, Ericsson and Astra, which operate in more resilient markets and may benefit more from.

#### Waste Management

European investors have always been wary of Waste Management International. The flotation of a 20 per cent stake last April was over-subscribed, but US institutions took more than their fair share. The westward drift of the share register has been evident ever since. Despite yesterday's impressive full year figures, investors might be forgiven for being disoriented by the whirl of acquisitions. The

suspicion remains that WMI will be

growth. In theory, the long-term investment argument in favour of waste manage ment is compelling. Privatisation of waste collection and disposal shows no sign of abating. Tighter regulation by governments should work to the advantage of the bigger and better-capitalised operators. On that basis, a 50 per cent rise in pre-tax profits will doubtless please the company's admir-ers, but they still need stout hearts

Although margins widened again, the company admits the process can only be taken so far. Customers may also be less willing to accept price rises this year as continental Europe moves into recession. That suggests the acquisition programme will have to accelerate from the 25 deals com-pleted last year. Thanks to a rich parent and high multiple, that can probably be financed without undue reliance on bank debt, but there is clearly e risk of Waste Management buying some rubbish. In a litigious and uninsurable business like waste management, mistakes can be costly. Since WMI pays no dividend, the shares will look all the more exposed if growth prospects are called into serious doubt.

#### Sterling bonds

The bandwagon theory that interest rates are heeding lower is gaining momentum. Yesterdey's spate of reverse floating rate notes in the Eurobond market is an outright bet on easier money to come. If short rates actually rise the value of the bonds will be quickly eroded. A week is a long time in the bond market; only a few days ago investment bankers were touting collared FRNs. These offered protection against falling interest rates and some gain if the government is forced to tighten the monetary belt. Whatever the protestations of the prime minister, the bond market now senses a determination to move rates lower.

Even so, overseas investors who bought yesterday's offerings were taking an optimistic view of both interest rates and the exchange rate. Sterling stabilised yesterday. However, without some help from Germany, it is still unclear whether Mr Major can engineer a further large cut in base rates without precipitating a full-blooded sterling crisis, Buyers of reverse FRNs could eventually find themselves looking at a currency gain, only at the expense of higher interest rates.

# Rabin reserves right to more expulsions

By Hugh Carnegy in Jerusalem

MR Yitzhak Rabin, the Israeli prime minister, insisted yesterday that Israel retained the right to carry out future mass expulsions of Palestinians and implied that the US had condoned the deportation in December of 400 alleged Islamic militants.

His remarks, during a defiant speech to parliament, followed Palestinian rejection of a compro-mise offer by Israel on the expulsions. They seem certain to further complicate prospects of resuming Middle East peace talks which the US wants to reconvene within weeks.

His offer to bring home about 100 of the 400 Palestinian depor-tees stranded in Lebanon has ians who insist they will not return to the negotiating table until every deportee is brought

Mr Warren Christopher, US secretary of state, is to visit the region this month to try to achieve an early resumption of the peace talks, Mr Amr Monssa, Egypt's foreign minister, said in Cairo yesterday.

Responding to criticism from rightwing opposition members of parliament of his compromise on the expulsions, Mr Rabin said: "The principle remains of our ability to remove for a limited time hundreds of inciters, leaders, organisers. You never succeeded in doing that."

Washington'e acceptance of the compromise offer "creeted e

a subject that America in princi-ple opposed and opposes. But it accepted this reality — and in unprecedented dimensions," he

The Clinton administration said Monday's offer by Israel to repatriate e quarter of the deportees immediately and shorten to more than a year the exile of the remainder removed the need for any further action by the United Nations Security Council to enforce resolution 799 calling for the immediate return of them all.

But Mr Rabin's remarks are certain to stiffen the Palestine Liberation Organisation's insistence that only full compliance with resolution 799 will suffice to restart peace talks.

One of the main concerns of both the PLO and Hamas, the

Islamic fundamentalist organisa-tion to which most deportees allegedly belong, is that the expulsions do not create e prece-

dent for future deportations.

Palestinian leaders in Jerusalem yesterday summoned western diplomats to warn that they would not accept any early call to resume peace negotiation

"We told them that if they issue invitations to the talks, they know our participation is suspended. We cannot continue the peace process before all the Palestinians return," said Mr Saeb Erekat, e senior delegate to

Mr Shimon Peres, foreign min-ister, acknowledged that continn-ing the talks with Syria, Lebanon ians was unrealistic.

# already been rejected by Palestin-

Continued from Page 1

interest rates continued to flourish in UK markets. Equities moved higher, with the FT-SE 100 index gaining 1.39 per cent to close at e record of 2,873.8, up

Economists in the City of London accused the government of pursuing a policy of "benign neglect" and "glorious indifference" towards the pound. But officials insisted that the government was monitoring the exchange rate and giving it full weight in assessing monetary

rates before the budget on March 16. The latest indications are thet he is also unlikely to cut rates in the wake of the budget. In its latest monetary report,

which was prepared for the chancellor's meeting with Mr Leigh-Pemberton, the Treasury noted that sterling had fallen by 5.5 per cent against its trade weighted index since the middle of January. It said that so far there were "few obvious signs of sterling's depreciation affecting producer output prices or ratail prices, apart from petrol".

However, the report was completed on Tuesday, before yester-day's slide in sterling. The pound touched new lows of DM2.3550 less than FFr8.

Sterling hits new lows in heavy trade against a strong dollar before closing in London at \$1.4340, down mora than a cent on the day. At one point, sterling fell to e record low of 76.5 on the index.

Dealers and economists were divided on whether the pound would extend its fall. Mr Keith Skeoch, chief economist of James Capel, said steady interest rates on the money markets indicated that "it is not a classic sterling

However, Mr Avinash Persand, currency economist et UBS Philips & Drew, said: "There is a risk of e vertical fall for sterling which would have e very serious

#### Fokker shares drop sharply

Continued from Page I The capital required is believed

to be around F1 400m. The Dutch government has indicated its willingness in principle to a change, but Dasa's requirements mey prove too onerous. Dasa is believed to be threatening to walk away from the deal if it is not restructured. Dasa did not have access to all Fokker's accounts when it signed the original agreement. It is thought to have been particularly concerned about Fokker's back-





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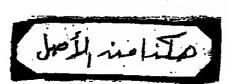
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OTHE FINANCIAL TIMES LIMITED 1993

Thursday February 4 1993

#### INSIDE **BfG** Bank falls on

rising provisions BfG Bank, the German bank majority-owned by Crédit Lyonnais, incurred a nat loss of DM1.1bn (\$690m) last year as a result of a significant risa in provisions against problam country risks. Group operating profits rose by around OM100m from OM144m and 8fG is seeking a further increass in profits this year. Page 16

Italians return to loans market Italian borrowers are raturning to the International syndicated loans market after several months' absence. A handful of credit institutions have tapped tha loans market, but bankars axpect more institutions and some corporate names to seek international syndiceted credits over the next six months because of ralatively heavy borrowing needs, Page 19

#### No peace for Westpac

Only the chairman of Wastpac Banking Corporation, the troubled Australian bank, can be grilled by sharaholdsrs at its annual meeting, a convention that will be welcomed by Mr Robthings are likely to gat worsa before they get better, Page 17



The opulant Salon imperial at the inter-Continantal Hotel, Parla, resounded with applauea last month whan Mr Yves Saint-Laurant, ona of France's most famous fashion designers, mounted the etage at the end of his haute coutura show, it was his last as an indepandant designar befora YSL, his company, merges with Elf-Sanofi, the pharmaceuticals-cosmatics arm of Elf-Aquitaine, tha oil group. Page 19

#### What goes down can go up investors keen to protect their income follow-

ing the recent dlp in UK base rates can now buy sterling-denominated notes whose yield rises as rates fall. Page 20

#### Hard ride in Argentina



Argentina was never going to be a emooth ride, but even hard bitten players of developing world equity markets have had a bumpy ride in recent months. A 48 per cent fall led to a recovary, which patered out. But the may be the year Buanos Alres starts prowing into a mature market. Back Page .

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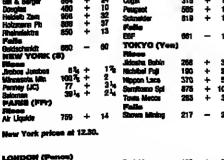
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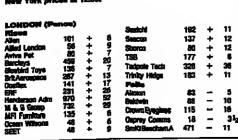
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#### Chief price changes yesterday





ELECTROLUX, one of the world's leading white goods man-ufacturers, began Sweden's cor-porate reporting season on a

The move, which is almost cer-tain to be followed by other hardpreseed Swadish companies,

The company said it was making the cut because of the uncer-

in Europe, and worse than expec-ted conditions over the past year.

changes, high real interest rates, and political unrest." It is the first time the company has cut its dividend in at least 30 years, and takes the payout back

North America but fall in

Operating income fell for com mercial and household appliances. "We experienced a dramatic drop in demand for food service equipment and commercial cleaning equipment," said Mr

The group enjoyed a strong final quarter, thanks mainly to changes in exchange rates. Income after financial items for the three months rosa to SKr264m from SKr141m, as sales SK1204M from SK141M, as saies improved to SK121.45bn from SK119.25bn. However, operating income after depreciation fell to SK1360m from SK1470m.

#### Salomon shares rise on strong profits

7.7

By Patrick Harverson

SALOMON'S share price rose SALOMON'S share price rose abarply yesterday after the com-pany reported fourth-quarter profits of \$143m following a strong showing from its Wali Street securities brokerage Salo-mon Brothers, which offset heavy losses at its Phibro Energy constitutes by the same curvets. operations. In the same quarter a year ago, Salomon incurred a net loss of \$29m.

The strong final quarter took Salomon's full-year earnings for 1992 to \$550m, up from \$507m a year earlier. Last year's profits would have been a record \$714m, but for the \$164m special aftertax charge the company recorded in connection with the 1991 US Treasury auction scandal.

The company's stock rose \$2% to \$39% at midday in New York. The markets were particularly impressed by the record operating profits at Salomon Brothers for the final quarter and for the year. The brokerage firm made pre-tax profits of \$503m in the fourth quarter — after a \$67m charge to cover personnel relocation expenses - and \$1.4bn in the full year.

The company said results from proprietary and customer-related trading activities had been especially strong.

The parent group's earnings, however, were again held back by disappointing results from its energy trading and refining operations, which were merged into Salomon at the end of last year as part of a restructuring of the loss-making Phibro Energy

The Phibro Energy division, which covers oll and oil products trading and ship-chartering, incurred a loss of \$181m in the fourth quarter and \$194m in the year. This included special charges for the withdrawal from certain business lines.

Phibro Energy USA, the oil refinery operation, recorded a loss of \$31m in the quarter, taking total pre-tax losses for 1992 to \$47m. This reflected, Salomon said, the weak demand for margins in the refining business Salomon's expenses rose sharply in the fourth quarter and full year to \$761m and

\$2.8bn respectively. The increases were primarily attributable to a big rise in salary and bonuses at Salomon Brothers and to higher occupancy costs following the consol-idation of the firm's New York

# Gloomy Electrolux cuts dividend by half

#### By Christopher Brown-Humes in Stockholm

gloomy note yesterday when it announced it was halving its 1992 dividend to SKr6.25 a share.

tain market outlook, particularly

Mr Anders Scharp, chairman said: "We have had three weak years, when we held the divi-dend, and we cannot ha optimistic about the coming year. Although we are expecting a better year in the US, in Europe we came in spite of virtually are faced with declining demand unchanged profits of SKrlbn in soma countries, currency are faced with declining demand

to its 1984 level.

Last year profit after financial items slid to SKribn from SKr1.03bn as turnover rosa to SKr80.4bn from SKr79.0bn. Operating income fell 13 per cent to SKr2.25bn while earnings per share after tax dropped to SKr2.50 from SKr5.20. Electrolux said income grew in

be much thinner with commanies

which want to raise cash to

repair balance sheets weakened

by reduced profits and asset

write-downs. The key may be a change in management. The reaction could be "Why give monay

to the people who got us into this

This may exclude many of the rumoured issuers. While the con-

tracting and construction sector

is thought of as needing new

equity, many of these companies

will find it hard to give investors

good reasons for putting up more

Nor are they prepared to con-

tribute to companies' "war

chests", although an actual deal

one banker says.

Even in the US, market condi-

tions were not as good as antici-pated during the second and third quarters. In Europe, the market downturn was particularly acute in the Nordic region and Spain, with the UK market continuing to be weak.

The dividend cut pushed the group's shares down SKr18 to SKr212.

#### Maggie Urry looks at reasons for a possible shortage of equity capital in the UK Funding squeeze

# A time for companies to stand up for their rights

etock market gossip. there is a flood of rights issues coming. The rise in the market has enticed UK companies to raise new equity capital, to bolster balance sheets, finance recovery or fund acquisitions. But there are doubts as to how

much investors are prepared or able to stump up for new equity. There is concern that the UK government's heavy borrowing programme in the 1993-94 fiscal year will "crowd out" companies and take cash needed by industry for recovery.

Says one cenior corporate financier: "My advice to clients is: 'If it'e there, grab it'." Another says; "Wa are advising clients to

go early." One large Scottish institutional investor is gloomy about prospects for issues. He says institutional liquidity levels are low and thinks that by next month these investors' appetites for new equity may already be fading. After that only companies with a particularly good case for raising money will get issues away.

Institutional cash is not the only source of funds for investment in equities and government stocks, but it is the most reliable, as private and overseas investors are more fickle. Although cashflows into institutions have risen in the past couple of years - in spite of pension fund contribution holidays - the demands on ment, have risen more quickly.

In round numbers, NatWest Securities, the stockbroker, estimates institutional cashflow this year will be about £40bn (\$60bn). It estimates that net gilt sales in the 1993 calendar year might be £38bn or £39bn. But a further £11bn will be accounted for by equity issnes, including rights, the expected ICI demerger issue, flotations and government sales

of shares, less cash put back into the market through takeovers. On these numbers supply of capital does not match demand.

This year the crunch could come after April as the govern-ment needs to fund the huge public sector deficit in the coming So far this year three compa-

nias have made £100m-plus equity issues: Asda, the superstore operator with a 2347m rights; Burton, the fashion retailer with a £161m rights; and Wessex Water with a rights and other funding raising £144.5m. Numerous others have been named by rumourmongers as

likely candidates for an issna,

On these numbers supply of capital does not match demand

often because their balance sheets are strained and seem to need an injection of equity. But while the list of potential issuers is long, that of successful issues is likely to be shorter.

Both Asda and Burton were able to point to recovery programmes initiated by new management as a justification for raising money. Both had "rescue" rights issues in 1991 - now they were well received. As well as rumours of more

retailers making cash calls, the market can expect rights issues from "traditional manufacturing companies", says one banker. The insurance sector is also

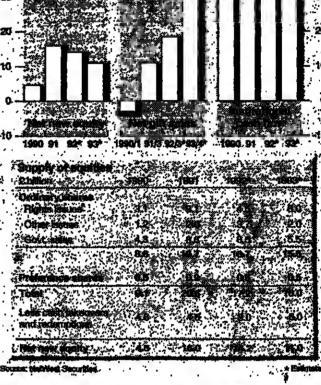
seen as a probable source of issnes. Thase companies can point to a coming cyclical upswing which is well under-

at the right price would find sympathy, as Wessex Water's cash Companies which are already struggling to pay dividends and perhaps have a problem with surplus advance corporation tax too - are unlikely to find inves-

tors receptive to being offered yet more shares which will add to the payout bill. The good news may be, though, that the corporate sector's need for new equity to repair tattered balance sbeets is not as bad as might be expected, according to Mr Mich-

ael Hughes, head of Barclays de Zoete Wedd's economics and strategy department. commercial companies' flow of funds which moved into deficit in 1986, and reached its worst point in 1990, has been improving as a result of earlier rights issues and efforts to conserve cash such as cost cutting. He is optimistic it

could move into surplus in 1993. Average balance sheet gearing is a normal 25 per cent, he says, although income gearing has been more of a problem when



interest rates were high and profits under pressure. But, Mr Hughes warns, the cost

of equity capital is currently high market. Dividends are paid out of after-tax profits, but debt is serviced from pre-tax profits. With the market yielding 4.3 per cent and base rates at 6 per cent there is not a lot to choose between debt and equity even on a short-term view. When future inflation is taken into account, equity issued now could turn out

expensive. Companies could look for alternative sources of funds. They might lock into fixed-rate borrowings, or raise cash by making disposals. Some could follow Northgroup, into the convertible market. It obtained long-term debt at 6.75 per cent, which can convertinto shares at an 18 per cent pre-

There could also be a rash of so-called "5 per cent placings". the maximum allowed without formal clawback arrangements and done at much narrower discounts than rights issues. Triplex seeks £17.3m, Page 22

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# GTE sells international lighting division in management buy-out

GTE of the US has sold its GTE Sylvania International lighting oparations in a management buy-out. The new company, Sylvania Lighting International, inherits a business ranked third in European lighting with a worldwide turnover last year of

Terms of the deal, completed last Friday, have not been dis-closed but GTE said it was raising about \$1.1bn from the buy-out and the separate sale of its North American lighting activities to Osram, a subsidiary of Siemens. The buy-out, covering operations in Europe, Asia Pacific, Latin America and Australia, was financed by an investment consortium led by Citicorp Venture Capital.

In Europe, which accounts for 80 per cent of sales, Sylvania Lighting International produces and markets lamps and fixtures under the brand names Claude. Concord, Le Dauphin, Linolite, Lumiance and Sylvania. It claims an average market share of just over 10 per cent, behind Osram and the market leadar Philips, but is more strongly placed in individual country markets such

Mr Norman Scoular, Sylvania's chief executive, formerly chief executive of FKI, the UK-based electrical engineering group, hopes to improve the company's indifferent performance by better use of technological resources and more streamlined, decentral-

To that end, Sylvania has a technological assistance pact

with its North American counter part, giving it unlimited access to the product and process technol-ogy of that group and of Osram, the new owner. Mr Scoular said yesterday the

Geneva-based company, which has 6,300 employees, would be pursuing growth areas within a largely stable market. These included compact finorescent lighting using thin tube lamps, which are increasingly displacing the traditional incandescent light

However, a decisive improvement in company sales would have to swait next year's hopedfor revival of economic activity

# Thames Water in Turkish project

A CONSORTIUM led by Thames Water has won one of the largest overseas water resources projects to be awarded to a UK water company since privatisation in

Thames and its Turkish and Japanese partners are expected shortly to sign the implementation agreement for a \$700m conatruction project at Izmit, north-west of Istanbul Under the build, operate and transfer (BOT) schame, Thames will manage the water supply system for 15 years.

Mr David Luffrum, group finance director, said the contract was "ideal" for Thames, which has been building up its consultancy and contracting consultancy and contracting tusiness undar its subsidiary PWT Worldwide. "It's the first BOT water project in Turkey and a one-off at this stage, but there could be further opportunities."

Several UK water companies have looked at overseas projects since privatisation, partly to earn non-regulated profits and develop businesses ontside their core. Thames has already won several smaller projects in Europe, while North West Water is involved in consortia with design and management contracts in Malaysia

and Australia The Turkish project includes completion of the Yuvacik dam, where work was halted five years ago after cash shortages. The dam is about one quarter com-plete and will be linked with two pumping stations and more than 100km of trunk mains. Most of the water supplied will be used in Izmit with the remainder being pumped to Istanbul.

Construction will be under-taken by PWT, which has con-

tracts worth about \$290m, and

two Turkish construction compa-nies, Gama Endüstri Tesisleri

Imalat ve Montai and Güris Insert ve Mühendislik.
The consortium shareholders include: Izmit Municipality (30 per cent), Thames (25 per cent), Gama and Guris (25 per cent), Mitsui and Sumitomo of Japan

(10 per cent) and others (10 per

The consortium will provide about \$115m in equity, with the remainder of the financing due from export credits and commercial banks. Chase Investment bank is financial adviser to the consor-tium and expects syndication to

be finalised in time for construc-

tion to begin in 1993. The project plan assumes operations will begin in 1997. Mr Luffrum said Thamsa started discussions with the Turkish side in 1990. "It's higher risk and higher reward than the

Thames is set up for," he said.

# DM1bn loss at BfG due to problem country risks

By David Waller in Frankfurt

BFG BANK, the German bank majority-owned by Credit Lyonnais of France, made a net loss of DM1.1bn (\$681m) last year as a result of a significant increase in provisions against problem-country risks.

At the operating level, the bank raised its group profits by about DMI00m from DM144m

It is aiming for a further increase in operating profits during the current year, assuming falling interest rates in Germany.

Until the end of last year, BC was owned by the Aacbener und Müncbener Beteiligungs insurance group and the BCAG trades nnion bolding company.

Majority control was end of 1991. The increased pro-acquired by Credit Lyonnais, visioning was agreed to as part the large state-owned French bank, in a deal that valued BfG

The bank said that it had increased its provisions against doubtful-country dcbts to 75 per cent from 50 per cent of the total exposure.

It also increased the absolute number of countries covered.

The provisions accounted for DM910m of the DM1.1m net loss, the bank said. BfG traditionally had strong

business links with the eastern bloc, which left it with a high level of bad and donbtful

Sharebolders injected DMIbn over 1990 and 1991 to enable the bank to provide against about 50 per cent of questionable debts of DM3.2bn at the

#### Swiss Bank Corp rises 6.6% to SFr805m visioning was agreed to as part of the deal with Crédit Lyon-

By lan Rodger in Zurich

French bank bas SWISS Bank Corporation. Switzerland's second-largest injected DM1.2bn into its new German subsidiary in order to bank, has disclosed that par-It said that it had been able ent company net profits in 1992 rose 6.6 per cent to SFr805m. (\$551.3m) enabling it to reduce the level of provisioning against domestic loans

to maintain its dividend.

The bank forecast last July during the course of the past that profits would be flat this Without giving any details, it year because of the unfavoura-ble economic environment and said that trading profits had increased while the level of securities write-offs had the exceptional costs of sorbing acquisition

However, it said fourth-These preliminary details were released in Paris to coincide with the Credit Lyonnais quarter trading revenues were exceptionally good and signifigeneral meeting to approve the cant extraordinary gains were made from sales of assets.

Total assets stood at
SFr172bn at the end of last Full details will be published

> The bank said it would seek sbareholder approval at the annual meeting in April to eliminate its participation certificates, converting them into bearer shares at the rate of one-for-one, it would also seek to split its registered shares two-for-one.

year, up from SFr169bn a year

"This will ensure the prenonderance of the registered shares in terms of voting, as is required under the Bank Act...as proof of Swiss control," the bank said.

The directors will propose that shareholders have the choice of receiving their dividends in the form of shares as well as cash.

#### Telus to partner CUC on cable TV in UK

TELUS, the Alberta telecoms ntility privatised in 1991, will partner Toronto's CUC Broadcasting in developing cable TV operations in Britain, writes Robert Gibbens in Montreal.

Telns will invest C\$126m (\$100m) in equity over five years and will provide telephone services,

areas in the Midlands and South-East but has only recently begun to line up sub-

# Queue for a slice of cheese market

The larger producers are seeking to expand, writes Alice Rawsthorn

creamy cheese with a cbuckling cow on Its box, is one of France's most popular cheeses. It is being talked of as a takeover target in the speculation over the future of Bel, its owner.

Bel, which also owns Port Salut and Les Petits Amis, is one of the few large French cheese companies still under family control. Mr Robert Flevet, its chairman and controlling shareholder, is 84 years

Besnier, the acquisitlye French dairy group, has been buying Bel shares and owns 8.1 ner cent of the company. It has made no secret of its hopes of raising its stake further.

However, Besnier is not the only predator in the French cheese industry. Bongrain, another ambitious dairy concern, has made a number of acquisitions and is intent on expansion. Philip Morris, the US group which is a significant player in processed cheese through Kraft, is also eveing the French market.

We've already seen a great deal of change in this indus-try," said Mr Claude Boutineau, joint chairman of Bon-grain. "There is still more to come. The only question is how quickly?"

French cheese is an attractive area for investment. The European cheese market

A Vacbe Qui Rit, the creamy cheese with a last year, reflecting the ecunomic squeeze in France and other European countries. However, cheese still has relatively high growth potential in the mature food market.

France has a strong cheese making tradition and plentiful supplies of milk. The 340 French cheeses tend to be high quality products that are wellplaced to benefit from the European trend towards more sophisticated food.

"In the short term, the growth of the cheese market will remain relatively low," said Mr Michael Oertli, European food analyst at UBS Phillips & Drew in London. But in the long term there is strong growth potential fur high-quality French chceses, particularly in Germany and

The French cheese industry is polarised between a handful of very large companies - Besnier, Bel, Bongrain - and hundreds of small family companies and co-operatives. The small players are finding it increasingly difficult to operate in the French market, which is dominated by multinational manufacturers, such as Neslle of Switzerland and France's BSN, and multiple retailers. notably Carrefour and Casino. As a result, there is no shortage of acquisition targets for the large cheese makers.

Bongralu has grown rapidly both inside and outside France, increasing its sales to FFr9.7bn (\$1.75bn) from FF15.95bn in the five years to 1991. Last summer it took a 10 per cent stake in ULN, a troubled co-operative of Normandy dairies, but, because of ULN's fragile finances. was able to secure

full management control. The company is searching for other acquisitious. "We have a strong balance sheet and if sultable opportunities arise, particularly in branded cheeses or interesting areas of technology, we'll take them,' said Mr Boutineau.

esnicr, a co-operative Besnier, is pursuing a similar strategy. It is one of Europe's largest dairy groups, with annualised sales of FFr22bn. Last year it paid FFr862m for 58 per cent uf Roquefort cheese in a deal with Nestle, the Swiss food group which had acquired the stake as part of its bid for Perricr mineral water. Besnier has since increased its holding to

Bel is Besnier's latest target. Mr Bernard Aubert, chief exec-utive, sald after the recent share-buying exercise that Besnier had "absolutely no ulterior motives" towards Bel, but that it hoped to acquire a "more significant holding". He for stakes in other hijstnesses Bongriun and Bel have been able to expand without coming into cumpetition with the multinational manufacturers that dominate other areas uf the

food market. Cheese production is a complex process with limited scope for economies of scale. It is also prone to supply problems due to sharp seasunal variations in milk production.

As a result, the general food groups have icnded tu favour sectors such as processed cheese, rather than finleky French products.

Nestle chose to sell Roque fort to Besnicr (partly to plaeate the French financial estab-lishmenti, although it has significant chrese interests in Spain. BSN is a significant force in French fromage frais, but its cheese business is bigger in italy than in its native France.

Bongrain and Besnier may face stiffer competition partly because advances in dairy technology are eroding produc-

Philip Morris has been singgested as a potential pur-chaser for Bel. Its inicrest may well have prompted Besnier to speed its share buying in Bel in order to make sure that it had a blocking stake, in case La Vache Qui Rit does come up

## Sheikh quits Circle K buy-out

By Nikkt Tait in New York

SHEIKH Ali al-Kbalifa al Sabah, who as Kuwait's finance minister strongly influenced the activities of the Kuwait Investment Office, has withdrawn from the Investcorp organisation consortium which is attempting to buy and reor-ganise Circle K, the bankrupt US convenience store chain.

However, the Arizona-based retailer added that Investcorp - an investment organisation with offices in Bahrain, London and New York, and a sizeable shareholder in the likes of Saks Fifth Avenue and Tiffany - had said that it would provide the equity funding. There was no immediate response from the Circle & bondholders, who have been urging a rival reorganisation plan.

Investcorp, via a vehicle

stores in the south-west, for \$399.5m. This scheme was opposed by bondholders, wbo submitted a rival plan.

Tha bondholders have argued that the CK Acquistby the involvement of Skeikh

Their lawyers filed an emer-

The FT proposes to publish this survey on March 10 1993

survey or wish to advertise, please contact :

Daisy Vecrasingham

called CK Acquisitions, put forward a proposal to buy Circle K, which runs about 2,900

tions scheme was jeopardised Ali Khalifa in the Investcorpled consortium.

gency motion with the bankruptcy court in January, urging more information about the finances of the Sheikh and those of Mr Javier de la Rosa, the Spanish financier. The bondholders seized upon a scandal surrounding investments in Spain by the KIO in the late 1980s. These were managed by Mr de la Rosa. Sheikh Ali Khalifa, although

Tel: 071-873 3746

Fax: 071-873 3064

FT SURVEYS

not directly involved in the KIO's Spanish investments, bas been indirectly criticised in Kuwait for allowing the KIO, while he was finance minlster, to risk large sums of money in Spain. Sheikh Ali Khalifa and Mr de la Rosa were stockholders in CK, and were reported to be players at Grupo

Tbe

acquisition.

bolster its balance sheet.

The statement from Circle K gave no explanation for Sheikh Ali Khalifa's withdrawal from the CK Acquisitions consortium, but said that Investcorp "has satisfied Circle K and the principal creditor constituencies that CK has the financing necessary for the successful completion of the purchase."

Torras, the lead company in the KIO's Spanish operation.

"We look forward to confirmation bearings set for April 7

which will signal the end of Circle K's bankruptcy," it said. CREDIT MANAGEMENT

Should you be interested in acquiring more information about this CUC holds eight franchise

## Japanese shipbuilder cuts profits forecast

MITSUBISHI Heavy Industries, the Japanese shipbuilder and machinery maker, has cut its pre-tax profit forecast for the year to March by 6.7 per cent to Y140bn (\$1,1bn), as a decline in capital spending by Japanese industry bas slowed machinery orders, writes Robert Thomson in Tokyo.

Sales for the current year are now forecast at Y2.480bn, about the same as last year and I per cent lower than originally forecast. Net profits are forecast at Y88bn, down from

■ USF&G, the troubled Baltimore-based insurer, yesterday reported an after-tax profit of \$13m in the fourth quarter of 1992, compared with a loss of

**NEWS IN BRIEF** \$40m in the same period of Twu investment manage-

1991, writes Nikki Talt. The figures - which include no realised investment gains, compared with a \$16m surplus a year earlier - leaves USF&G with an after-tax profit of \$28m for the year, against a \$176m loss in 1991.

Arab Banking Corp, the largest Arab offshore banking group, posted a 76 per cent rise in net profits to \$79m for 1992. AP-DJ reports from Man-

Operating profits increased 15 per cent to \$244m while pretax profits advanced 13 per cent to \$102m.

ment and advisory companies linked with Industrial Bank of Japan, the long-term credit bank, and New Japan Securi-ties, the bank's affiliated brokerage, are tu merge on April 1, Reuter reports from

Tokyo. IBJ NW Asset Management will be created by the merger of New Japan International Management and IBJW Asset Management. Japan is scheduled to lower barriers between the banking and brokerage industries in April.

A share offering by Bahrain based United Gulf Industries Corp has only been 35 per cent taken up, prompting the company to extend the offer until the end of February, Reuter reports from Manama

Mr Abdullah al-Moajil, managing director, sald the share offering of 28m shares worth BD30.8m (\$81.5m) was aimed at converting UGIC, a closed company which helps set up industrial projects around the Gulf, into a better-funded and publicly traded concorn.

■ Public Bank, Malaysla's third largest bank, has bought a 55 per cent stake in the Kuala Lumpur Mutual Fund (KLMF), a unit trust management concern, for M\$5.6m (\$2.13m) in cash, Renter reports from Knala Lumpur.

9.4

26.7

7.8

February 1993

Sanwa International plc

Kleinwort Benson Limited

Nomura International

S.G. Warburg Securities

Credit Lyonnais Securities

Deutsche Bank AG London Fuji International Finance PLC

Kankaku (Europe) Limited

Tokai Bank Europe Limited

Meiko Europe Limited

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DKB International Goldman Sachs International Limited KOKUSAI Europe Limited Mitsubishi Finance International plc

Norinchukin International plc Salomon Brothers International Limited

Taiheiyo Europe Limited Towa International Limited

Loss after taxation

Capital expenditure

Loss per sbare (cents)

Rustenburg Platinum Holdings Limited Reg. No. 05/22/52/06

Lebowa Platinum Mines Limited Reg. No. 63/0614/06

**Potgietersrust Platinums** Limited Reg. No. 01/08353/06
(All companies incorporated in the Republic of South Africa)

Highlights from the Interim Reports for the six months ended 31 December 1992 (Unaudited)

Rm	Rm
1,413.0	1,499.6
168.7	489.8
110.1	219.7
78.3	109.7
176.9	240.0
87.9	175.3
62.5	87.5
1992 Rm	1991 Rm
66.1	54.8
9.4	9.4
	1,413.0 168.7 110.1 78.3 176.9 87.9 62.5

otgietersrust Platinums	1992 Rm	1991 Rm
Balance Sheet		
Capital employed		
Share capital	3.0	3.0
Share premium	395.6	396.7
Distributable reserves	0.1	0.1
Shareholders' funds	398.7	399.8
Employment of capital		
Mining assets	238.4	41.3
Net current assets	160.3	358.5
	398.7	399.8

An interim dividend of 62.6 ceots has been declared payable by Rustenburg Platinum Holdings Limited to shareholders registered of the close of business on 19 February 1993. Date of payment of dividend warrants will be 19 March 1993. (Currency conversion date 8 March 1993.)

The full text of the Preliminary Reports will be posted to shareholders and copies may be obtained from the London Secretaries, Barnato Brothers Limited, 99 Bishopegate, London EC2M 3XE.

FINANCIAL TIMES THURSDAY FEBRUARY 4 1993

ney later this month, will be

uncomfortably aware of the

giant shadows cast over West-

pac hy the enigmatic Mr Packer and the AMP Society.

Australia's biggest financial

institution, which owns 15 per cent of the bank.

Salmon, managing director of

AMP, have made clear that

they want to see a rapid

nes. But there seems to be little agreement about how the

improvement in the bank's for-

Both Mr Packer and Mr Ian

Corporation, the

troubled Australian

bank, has a rule that only the

chairman can be questioned hy

shareholders at its annual

It is a convention that will be

welcomed by Mr Robert Joss, the Californian banker

appointed last week to West-

pac's vacant chief executive's chair.

Mr Joss, a vice-chairman of Wells Fargo, the San Francis-co-hased regional hank, was

not present at Westpac's vitri-

olic annual meeting, which

ended last week after more than 16 argumentative hours

spread over two days. But after studying Westpac over several weeks, he will know for certain

what many shareholders already suspect: that things

are likely to get worse before they get better.

Mr John Ubrig, the no-nonsense miner who took

over as chairman of Westpac in October, gave much the same message to shareholders at the

annual meeting, warning that

it would be "unwise to assume

that we will not have to con-tend with further setbacks."

Westpac shareholders have

become all too familiar with

bad news over the last year as

the bank has been hit by a catalogue of disasters which

reads like the script for a bank-

publicity about risky foreign

currency loans and embarrass-

ing leaked letters; it continued

with a failed A\$1.2bn rights

issue; and It ended with net

losses of A\$1.5bn (US\$810.3m)

for the year to September, after

writing off had dehts of

Five directors quit in Octo-ber, including Sir Eric Neal, chairman, followed in Decem-

ber hy Mr Frank Conroy, chief

executive, after a boardroom

row over his recovery plan.

Meanwhile, Mr Kerry Packer

and an associate joined the

board after acquiring 10 per

cent of the shares, and

promptly walked out of their

first hoard meeting after

TRENCOR, the Cope-hased

transport and trading com-

pany, is to gain control of

W&A, a diversified South Afri-

can consumer ond industrial group, through o capital injec-tion of R350m (\$113.6m). The deal hrings together two

of South Africa's largest com-panies not controlled by the

country's hig mining houses or

The two groups yesierday

announced that companies in the W&A group - comprising FS group, FSI corporation, Walcor and W&A - would

By Terry Hail in Wellington

TWO US companies have

declared an interest in hidding

for New Zealand Rail, the gov-ernment-owned railway that is being offered for sale interna-

tionally. Strong interest is

rumoured from other overseas

interests, including Sea Con-

tainers, the UK rail and ferry

financial institutions.

Sy Philip Gawith

in Cape Town

The year started with had

er's nightmare.

開かる Line

Alice Rawship

Water Street 1. .

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operator.
To date, only the two US

companies, Railroad Developineni Corporation, a Pittsburg railway group, and Burlington Northern, a Texas rail operator, have announced they are considering huying New Zea-

The sale of New Zealand Rail is expected to fetch up to NZ\$400m (US\$210.5m). The government bopes to complete the sell-off hy the middle of this year, and has appointed Booz Allen and Hamilton, the international management consul-

tancy, to handle the sale. Mr Rohert Pietrandrea, chairman and vice-president of Railroad Development Corpora-tion, said New Zealand Rail was a "unique" operation that had defied conventional wisdom by making money out of passenger services. It was also one of the few railroads in the world that was profitable.

Group, which also has property, media and other interests. It also runs freight lines in Argentina and manages a 1,000km line between Omaha It has been reported that Sea

ration is owned by Hawthorn

Containers may be part of a consortium being put together hy the New Zealand-hased Owens Group, one of New Zea-land's higgest road and port transport companies. A group of New Zealand port companies, including the Auckland, Tauranga and Lyttelton port companies, is also preparing to ship in New Zealand hands.

£150,000,000

HALIFAX

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**CS478** 

Weekley net asset

bid in order to retain owner-Railroad Development Corpo-

NOTICE OF EARLY REDEMPTION Sakura Finance Asia Limited

[Formerly known as Missas Finance Asia Limited]

(Formerly known as Missas Finance Asia Limited)

U.S. \$100,000,000 **Guaranteed Floating Rate Notes 1996** 

NOTICE is hereby given to the Holders of the Notes (the "Noteholders") that, in accordance with Condition 7(b) of the Terms and Conditions endorsed on the Notes, Sakura Finance Asia Limited will on the 8th March, 1993 (the "Redemption Date") redeem all of the Notes then outstanding at 100% of their principal amount bygether with interest accrued to such date. Payments of principal and accrued interest principal amount bygether with interest accrued to such date. Payments of principal and accrued interest will be made on and after the Redemption Date in the manner provided in the Conditions against will be made on and after the Redemption Date in the manner provided office of any of the surrender of the Notes and Coupon No.18 due on 8th March, 1993 at the specified office of any of the surrender of the Notes and Coupon No.19 and subsequent will be rendered null and void from the appointed paying agents. Coupon No.19 and subsequent will be rendered null and void from the Redemption Date.

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Hambros Bank Limited Fiscal and Principal Paying Agent 4th February, 1993

#### Kevin Brown on the problems facing the bank's new chief executive ESTPAC Backing mess when he arrives in Sydits Australian retail operations, which he believes can he sharpened up sufficiently to

close the gap between Westpac and National Australia Bank (NAB), which has an expenseto-income ratio of 57.5 per cent. US analysts say he is highly regarded for the part he played in guiding Wells to recovery from similar problems to those that face Westpac.

"It was a team effort, but he certainly played a hig part in it, and that will stand him in good stead when he takes over

**Westpac Banking** Share price (AS) 4.0 ....

INTERNATIONAL COMPANIES AND FINANCE

Joss takes the hot seat at Westpac

new chief executive should go about it. Mr Conroy, a long-time Westpac executive who had beld the top joh for just 14 months, pro-

duced a recovery plan which initially commanded the sup-port of the entire board. Under the Conroy plan, the bank would have cut costs and increased revenue by A\$300m hy September; cut its noninterest expense to total income ratio from 70 per cent to 58 per cent over three years;

and reduced gross assets hy about A\$10hn from A\$110hn. Mr Conroy quit because the board, under pressure from Mr Packer, wanted him to speed up the restructuring. But the board halked at Mr Packer's plans to put the shake-up in the hands of his American lieutenant, Mr Al Dunlap, who has acquired the sohriquet "chainsaw" for his zeal in slashing the costs of Mr Packer's pri-

Mr Joss says his broad strat-Mr Joss, who will inherit the egy is to refocus the bank on

Trencor gains W&A for R350m

launch rights offers to raise at

lcost R500m. Trencor would invest R350m by underwriting the offers and taking up rights.

Trencor and a management

consortium led by its control-

ling shareholder, Mr Jeff Lie-

besman, will exercise joint con-trol of W&A at hoard and

executive levels and will appoint an executive chair-

Trencor, a very low profile company, has produced good

results over a number of years, while W&A has struggled to shake off problems of excessive

Trencor, with a market capi-

talisation of about R2.7bn, is

US groups consider NZ Rail bid

ieveis of debt.

at Westpac," says Mr Ray Soifer, banking analyst at Brown Brothers Harriman in

But with no clear guidance from the board, it is not clear how Mr Joss will approach Westpac's three main prob-

New York.

 Poorly-performing international assets. Weatpac has ahout 48 per cent of gross assets outside Australia, split fairly evenly between the US, Europe, New Zealand and Asia. The worst performing assets are in Europe and the US, where Westpac's inferior credit-rating, caused by its had debt problems, makes it impossihle to compete with domestic

banks. "They need to run these assets down as quickly as they can," says Mr Craig Drummond, banking analyst at J.B. Were in Melbourne.

"But It is no good just sticking all the capital hack in Australia because of the competition from NAB. So lt has to

one of the most highly-rated stocks on the Johanneshnrg

Stock Exchange with a price! earnings ratio of 21. W&A, with

a market capitalisation of

about R210m and a pie ratio of

3.3, has long had a poor rating.

Mr Liebesman said yesterday that the proceeds of the rights

issue would be used to redeem

deht and would reduce signifi-

cantly the group's gearing. The compatibility of the two

groups' interests would create

promising husiness opportuni-

ties, particularly in export-

related and international

fields. Mr Liebesman said the

disposal of non-core assets

would continue.

be handled very carefully," · Poor return on assets and higher-than-average expenses. Since Mr Conroy's departure, Westpac has indicated that it is considering reducing staff by up to 20 per cent, or 4,000 peo-ple, to help drive down its expenses-to-income ratio. Redundancies on this scale would hring the bank's staffing into line with NAB, but if it is done too quickly it could damage the bank's core retail activ-

In spite of all its problems. Westpac's share of the domestic loans and hills market has remained unchanged at about 17 per cent," says Mr Drum-mond. "The bank has to move quickly to protect that market share, but if it moves too quickly it will damage the retail franchise, and that is the heart of the husiness."

 Bad debts. The key problem is the weak Australian commercial property market, which has significantly reduced the underlying assets against which many bad debts are secured. Mr Conroy tried to clear the decks last year.

But Westpac is due to revalue its property portfolio in March, and analysts say the crucial Sydney market has fallen hy more than 10 per cent since the last revaluation in March 1992.

The revaluation, one of the "further sethacks" feared hy Mr Uhrig, is likely to cut a further A\$600m from Westpac's property portfolio. Westpac shareholders went

away from last week's annual meeting less than convinced that the worst is over, but ready to give the new chief executive a chance.

Can he deliver? "Wells Fargo managers are among the best the US has," says Mr Campbell Chaney, hanking analyst at Sutro and Co in San Francisco. "Several have gooe on to clean up other banks, and Joss

is equally capable of doing Westpac shareholders will be walting anxiously to see whether this judgment is correct. If it is not, Mr Uhrig can expect another rough ride at

next year's annual meeting.

# New Indian at Europe

MARUTI Udyog, jointly owned by Suzuki Motor, the Japanese minicar producer, and the Indian government, is develop-ing a small car for export to Europe, Reuter reports from New Dehli.

Mr R.C. Bhargava, Marati managing director, said the Maruti Y-2, a four-door hatchback with a one litre engine, would he he unveiled after trial prodoction hegins in April.

Maruti plans to manufacture about 70,000 of the cars a year hy the end of 1994 and about 50,000 will be for export, Mr Bhargava said. The rest will

be sold locally.
"Europe will he the right market for this car," Mr Bhargava said, adding it would be fuel-efficient and meet European emission standards.
The Y-2 would replace Maru-

ti'a 800cc model currently sold in Hungary, Italy, Poland and Portugal. Mr Bhargava said he expec

ted the Y-2 to compete against Flat, Pengeot and Renault

Maruti exported 23,000 of its 800cc model, the largest selling car in India, in the year to March 1992. Exports for 1992-93 are expected to be only about 16,000, because of the war in the former Yugoslavia, which used to be a large

NOTICE OF MATURITY DATE in respect of

Doft & Co., Inc.

#### NATIONAL & PROVINCIAL BUILDING SOCIETY

Registered Number 459B)

£100,000,000 103/4 per cent. Subordinated Bonds due 2006/2011

NOTICE IS HEREBY GIVEN to the holders of the £100,000,000 10<sup>3</sup>/<sub>4</sub> per cent. Subordinated Bonds due 2006/2011 (the "Bonds") of National & Provincial Building Society (the "Society") that pursuant to the provisions of the Trust Deed dated 25th June, 1992 made between the Society and Bankers Trustee Company Limited as Trustee, the Maturity Date applicable to the Bonds, as determined in accordance with condition 5(A) of the terms and conditions of the Bonds, will be 1st December, 2011.



By: Morgan Coaracty Trust Compacy as Principal Paving Agrat Dated: 4th February, 1993

All of these securities having been sold, this advertisement appears as a matter of record only.

4,600,000 Shares



# V.F. Corporation

Common Stock (without par value)

#### 920,000 Shares

This portion of the offering was offered outside the United States by the undersigned.

Goldman Sachs International Limited

J.P. Morgan Securities Ltd.

ABN AMRO Bank N.V.

Enskilda Securities skandinaviska Enskilda Limited

**Credit Lyonnais Securities** 

Nomura International

Deutsche Bank **Swiss Bank Corporation** 

3,680,000 Shares

This portion of the offering was offered in the United States by the undersigned.

Goldman, Sachs & Co.

Bear, Steams & Co. Inc. The First Boston Corporation

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J.P. Morgan Securities Inc.

A.G. Edwards & Sons, Inc.

Kemper Securities, Inc.

Merrill Lynch & Co.

Montgomery Securities

Kidder, Peabody & Co.

Oppenheimer & Co., Inc.

Lehman Brothers

PaineWebber Incorporated Smith Barney, Harris Upham & Co.

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Janney Montgomery Scott Inc.

C.J. Lawrence Inc.

Legg Mason Wood Walker

Edward D. Jones & Co.

McDonald & Company Piper Jaffray Inc.

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The Robinson-Humphrey Company, Inc.

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**Tucker Anthony** Wheat First Butcher & Singer

Amhold and S. Bleichroeder, Inc.

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# Upjohn advances by 13% despite Halcion setback

UPJOHN, the US pharmaceuticals group, yesterday reported a 13 per cent rise in its fourth-quarter 1992 net earnings, to \$154m, or 86 cents

Mr Theodore Cooper, chair-man and chief executive, said the group achieved a solid performance in 1992 despite numerous challenges - including a 45 per cent decline in worldwide sales of Halcion, the

controversial sleep medication. The Michigan-based company said the profits figure excluded the cumulative effects of accounting changes adopted in the quarter. Revenues in the quarter showed a 9 per cent improvement at



achieved a solid performance

For the whole of 1992, Upjohn had net profits of \$562m, a 4 per cent increase on

per cent bigher at \$3.64hn in

After including special restructuring charges and the eserves related to accounting changes. Upjohn's 1992 net profit was \$312.2m, or \$1.74 per share, compared with \$525.1m, or \$2.87, in 1991.

Consolidated US sales were \$2.3bn in 1992, some 6 per cent hetter year-on-year. Non-US sales were 8 per cent improved at \$1.4bn, amounting to 38 per cent of total revenues.

Pharmaceutical sales outside the US surpassed \$1bn for the first time and were 8 per cent higher in 1992. Agricultural division sales were 6 per cent up in 1992.

Befors the close on Wall Street, Upjohn's sbare price was \$29%, down \$%.

# US drugs group eyes Europe

By Paul Abrahama

MARION Merrell Dow, the US pharmaceuticals group, is looking for a substantial pan-European acquisition, according to senior company execu-

The aim of any acquisition would be to increase sales in its European prescription drugs and over-the-counter non-prescription husinesses. The group generates about 30 per cent of its turnover outside the US, and about 23 per cent in Europe.

Marion Merrell Dow would turing capacity, says Mr Ron-

ald Irwin, chairman and maniging director of Marion Merrell Dow's UK operations.

The group's British production site was acquired by Procter & Gamble, the US consumer products gronp, when it bought Richardson-Vicks In 1986. Marion Merrell Dow now

uses contract manufacturers. Mr Irwin saya the group has considerable cash reserves to make an acquisition. Cash and short-term investments at the end of last year were \$414m.

However, another route available to the company might be a merger. Merchant bankers are known to have approached at least one leading British pharmaceuticals group suggesting such a

Any European acquisition would compliment Marion Merrell Dow's purchase last year of the Berlin-based pharmaceuticals group Henning.

The US group needs to drive earnings through acquisitions. US patents for its two leading products, Cardizem and Seldane, are due to expire within

the next two years, Sales of Nicoderm, its nicotine patch, together with those of Nicorette nicotine gum, ted to slow this year.

> investments was a large factor in the net earnings gain" for

In the fourth quarter the imaging business produced earnings of \$316m, against a 1991 loss of \$189m. while the information husiness suffered a loss of \$12m. down from a loss of \$65m. excluding restructuring

#### Kodak back By Martin Dickson in the black

Eastman

EASTMAN Kodak, the photographic equipment company, reported fourth-quarter net earnings of \$299m, com-pared with a \$400m loss a year ago, and forecast its latest restructuring plan would pro-duce a solid increase in 1993 operating earnings.

with \$299m

The company, with a lack-lustre profits record in recent years, has been showing signs of a more aggressive approach to its problems, including the announcement of 2,000 redundancies.

Mr Kay Whitmore, the chair man, reiterated the company's penitential tone when he declared that from now on Kodek would "better align our structural costs with realistic volume projections. We will view the world as it is, and not as we might wish it to he. And our view will he fixed on lucreasing shareholder vaine."

The fourth-quarter earnings worked through at 92 cents a share and compared with a loss of \$1.23 a share in the same period of 1991, when the company took after-tax restructuring charges of

\$597m, or \$1.84. Revennes rose 6 per cent to \$5.40hn from \$5.08hn.

For the full-year net earnings were \$1.15bn, or \$3.53 a share, compared with \$17m, or 5 cents, a year ago. The 1991 figures were reduced by \$1.03bn of after-tax charges, while in 1992 a \$152m

beneficial accounting change

was almost offset by \$14Im of restructuring charges.

Rowever, Mr Whitmore acknowledged that "with sluggish volume and cost inflation putting pressure on operating margins, the sale of certain

ACRI will use Digital's new

# Chrysler's credit upgraded by S&P

CHRYSLER, the US carmaker which raised \$1.78bn gross on Tuesday in an international share offering, yesterday saw this success result in an upgrading of its credit rating hy Standard & Poor's. The rating sgency's move

brought the car company to within one notch of its declared goal of getting its senior deht re-classified as investment grade, rather than the more speculative "junk" label it has now.

Chrysler's stock offering was priced at \$38% a share, the

closing price of the company's shares on the New York Stock Exchange on Tucsday night. The shares rose yesterday to stand at \$38%, up \$1%, before

the close.

Demand from investors was sufficiently strong that the company and its underwriters, led by First Boston, increased the size of the offering from 40m shares to 46m. Chrysler's share price has

nearly quadrupled since the start of last year as the company's financial prospects have improved and the shares continued to perform robustly after the new issue was announced on January 11.

immediately hefore the annonnement, dipped a little immediately afterwards, hut then rose, helped by a strong fourth-quarter earnings report.

Standard & Poor's, which raised the company's debt rat-

ing from Single-B-Plus to Double-B when the issue was announced, lifted it n further notch yesterday, to Double-B

The next grade up is Triple-R minus, which qualifies as investment grade.

The company has indicated that it will use almost half of the funds raised to reduce the

Chrysler has left open the pos-sibility that all the cash could be contributed to the pension

S&P said that further sucproduct launches could enable the company to bulster financial flexibility to levels adequate to protect the company in the event of another severe downturn in market condi-

"Thus the company could achieve its standed goal of achleving investment grade ratings by early 1995 sooner." S&P added.

Time Warner

unveils plan to

TIME WARNER, the leading

US media and entertainment

group, yesterday offered fresh

evidence of its aggressive

move to reduce the cost of debt

and preferred stock dividends

when it said it had filed

a shelf registration with the

Securities and Exchange Com-

raise \$1.5bn

By Alan Friedman

# Allied-Signal lifts profits 33%

By Martin Dickson

ALLIED-SIGNAL, the US high-technology company. yesterday reported a 33 per cent increase in fourth-quarter earnings, excluding special items, and forecast a 12 per cent to 18 per cent rise in 1993 earnings per share.

The company has been enjoying strong profits growth since the arrival as chairman in July 1991 of Mr Larry Bossidy, who has been carrying out a major

Allied-Signal reported fourth-quarter earnings of \$153m, or \$1.09 a share,

Digital to take

DIGITAL Equipment Corpor

equity stake in Advanced Com-

puter Research International, a

French-based company dedi-

cated to developing commer-

10 per cent, has not been dis-

French stake

By Alan Cane

compared with earnings of \$115m, or 83 cents, in the same period of last year, excluding unusual items. tncluding unusual items, fourth-quarter net income totalled \$135m, or 98 cents a share. Sales totalled \$3.1bn, up 2 per cent. For the full year. Allied

reported earnings of \$566m, or

\$4.02 a share, up 65 per cent on 1991's earnings of \$342m, or \$2.5t, before unusual After special changes in

accounting for retiree bealth benefits and income tax, the company recorded a 1992 net loss of \$712m, or \$5.05 a share. Mr Bossidy said the group

expected to record net income of between \$4.50 and \$4.75 a

"Our 1992 earnings per share surpassed the high end of the range we bad forecast. cash-flow for the year improved by \$545m, and the company's productivity increased by 5.6 per cent," he

In the fourth quarter, income from the aerospace business rose t7 per cent to \$75m, mainly due to productivity improvements. Automotive was up 20 per cent at \$36m and engineered materials produced income of \$49m, up 58 per

mission to raise up to Over the past few weeks Time Warner has raised \$3.5bn in debentures and spent the proceeds repurchasing the Series D preferred stock which was Issned after Time and Citicorp to sell Arizona Warner Communications

agreed to merge in 1989. Some \$3.1bn of Series C preferred stock remains outstanding and Time Warner said yesterday it planned io use the next \$1.5bn lt raises to redeem

some of these securitles. The Series C and D stock in 1991 cost Time Warner a total of \$579m in dividend payments, dragging the company into loss despite healthy operating earnings.

The debentures being issued to replace the Series C and D preferred stock have moturities ranging from five to 40

Analysts believe Time Warner's financial strategy will eventually shift from redeeming preferred slock to the disposal of non-strategic assets in order to raise funds to reduce

#### Chemical Waste tumbles to \$8.7m

By Laurie Morse in Chicago

CHEMICAL Waste Management, a partially-owned subsidlary of Chicago-hased Waste Management, said fourth-quarter earnings fell to \$8.7m, or 4 cents a share, from \$12.2m, or 6 cents, in the 1991 quarter.

The 28 per cent earnings tumble reflects a \$15m, or 7 cents-a-share, after-tax charge associated with the formation of Rust International, a new global environmental services company. Rust will be majority owned hy Chemical Waste

Chemical Waste's fourthquarter results were further weakened by a 5 cent-per-share charge linked to its majorityowned subsidiary, The Brand Companies. The Brand Companies, which will become part of Rust International, took a charge on a write-down of its asbestos abatement business.

the quarter, at \$354m, compared with \$370m in the fourth quarter of 1991. Chemical Waste said the sales declines were the result of a fall-off in

special projects. \$1.5bn, up from \$1.3hn in 1991. charges.

#### Revenues were also down for

For the year, Chemical Waste reported earnings of \$126m, or 63 cents a share, before accounting changes, up from \$100m, or 49 cents, in 1991. Full year sales were

#### Alpha high-powered microprocessor chip as the basis of its computers, and the companies will develop operating software for the new systems. Digital is pinning much of its hopes of returning to profitability oo the Alpha chip.

#### branches and assets ial financial impact," By Alan Friedman

CITICORP, the largest US ation, the US minicomputer manufacturer, is taking an commercial hank, yesterday said it had agreed to sell to Norwest, a regional US banking group, 59 branches and most of its assets in cial supercomputers. The price of the stake, said to be under Arizona.

Citicorp said the sale of the hranches, \$2bn of deposits and \$2.3bn of assets in Arizona was the result of an evaluation which determined that owning Citibank Arizona was no longer strategically necess-

Terms of the transaction were not disclosed. but the bank said the deal would have "no mater-

Cltlcorp did say it would take some "modest writeoffs" as a result of the The Arizona Interests, once part of Citicorp's ambition to

develop holdings across the

US, were bought by Citicorp in two stages in 1986 and In 1988, Citicorp ocquired assets from the United Bank of Arizona from Standard Chartered Bank of the UK

for between \$200m and Citibank of Arizona, based in Phoenix, is engaged in retail and community hanking

# "Samba achieves record results for the fourth successive year."

**Directors' Report** 

Soudt American Bank (SAMBA) continued to make excellent progress in all areas during 1992. Several key initiatives in product innovation, technology upgrade, infrastructure expansion and customer service enhancement were undertaken during the year. The success of our efforts is evident in the continuing growth in business volumes and earnings. We are confident that SAMBA remains well positioned to maintain its market positwn and to meet the business challenges of the future.

Financial Results Net income achieved for 1992 equals SR 910 millian (1991: SR 752 million: 1990: SR 527 million) This represents impressive growth over the proceeding year, as well as recard varnings for the fourth successive year. This growth is driven primarily by an SR 193 million (15%) increase in operating revenues; operating expenses have increased by SR 49 million, and reflect the impact of increased investment spending for infrastructure expansion and upgrade undertaken by the Bank, SAMBA has grown its revenues across all major products and services. This is particularly commendable in the area of funds-based revenues, where the rate enstronment has

The Bank's net charge of SR 34 million for possible credit losses represents a decrease for the fifth successive year, confirming the effectiveness of SAMBA's vigilant credit and operating standards. This decrease is enabled by the success of SAMBA's remedial credit management program, which luts substantially restrictured and reduced the tion-perfarming segment of the loan portfalio. Additionally, the Banh maintains reserves for loan losses at a level that is prudent and adequate to meet any unforseen credit

The Bank's balance sheet demonstrates the significant business growth achieved by SAMBA across all banking segments. Customer deposits grew to SR 29 1 billion at the end of 1992 (1991; SR 28.3 billion; 1990; SR 22.9 billion). SAMBA's loan portfolio increased by SR 2 billion to close the year at SR 11.6 billion (1991: SR 9.6 billion, 1990: SR 7 8 billion); the increase of SR 2 billion results almost entirely from expansion of the Bank's domestic portfolio. Reflecting the higher business volumes, total assets increased to SR 38.3 billion (1991, SR 36.4 billion, 1990, SR 29.9 billion). SAMBA's successful business strategy has continued to positively

(1991-33%, 1990, 26%). These consistently superior returns are reflected in improved earnings per share of SR 75.9 for the year (1991: SR 62.6 per share: 1990: SR 43.9 per share). After taking into consideration the Bank's strong earnings monicutum and strong capitalization, SAMBA's Board of Directors recommends a gross dividend of SR 682.7 million for the year 1992. This amount, after deduc-tion of applicable zakut, shall yield a net dividend of SR 55 per share to the

enhance returns on shareholders' equity, which reached 36% far 1992

Saudi sharcholders.

Donations: During the financial year 1992, Saudi American Bank altocated SR 2,835,388 as donations to various charitable, educational, and other social

Payments to Directors (Members of the Board) Directors' remunerations for 1992 total SR 600,000. Attendance fees for Board meetings amount to SR 34,000. Attendance fees for Executive Committee Meetings equal SR 17,500. Expenses including travel, board & lodging Incurred by Directors for attending meetings of the Board & Execu-tive Commutee amount to SR 411, 536. Compensation of Directors in their capacity as Executive Directors of the Bank amounts to SR 2,848,276. In addition to the above, Directors' fees and expenses for Samba

Finance S.A. (a wholly owned subsidiary) amounted to SR 88,729. Increase in Share Capital At un Extraordinary General Meeting of shareholders held on 12 Rujab, 1413H (Januory 5, 1993) in Riyadh, o resolution to increase the share capital through capitalization of undistributed profits was approved with effect from December 31, 1992. This capitalization will toke the form of one share being issued far each share held by existing shareholders as a stock dividend.

Appropriation of Income

The Board of Directors recommends that net income for the year be

eributed as follows:	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	SR 7000
Net income for the year	910,331
Fransjer to Statutary Reserve	( 1,241)
Fransfer to General Reserve	(250,000)
Proposed Dividend	(682,748)
ransfer from Retained Earnings	23,658

1992

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SR WOU

1,263,845

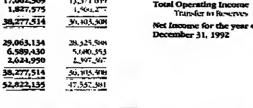
1451,4907

Dividencis shall be available for distribution immediately after approval by the shareholders at their Annual Ordinary General Meeting. oldend claims may be presented far settlement of the Bank's registered Head Office or at ony branch of Saudi American Bank.

Auditors At the Annual Ordinary General Meeting of the Bank's shareholders, held during March 1992, Messrs. Whitney Murray & Co. and Al-Juraid & Co were appointed as joint-auditors to Saudi American Bank for the fiscal year ending 31 December 1992. The forthcoming Annual Ordinary General Meeting of shareholders shall reappoint the existing auditors or appoint other auditors and determine their remuneration for the audit of the Bank for the year ending 31 December 1993.

#### Financial Highlights

	1992	1991
	SR '000	SR 1000
Assets		
Cash and Due from Banks	7,786,341	1(,990,590)
Grans and Advances (nec)	11,601,229	9,568,712
Bands and Securities	17,062,369	11,371 617
Other Assets	1,827,575	1,500,2
Foral Assets	38,277,514	30,403,308
Liabilities and Shareholders' Funds		
Customer Deposits	29,063,134	28.525,588
One to Banks and Other Liabilities	6,589,430	5,680,353
Startdioklers Finish	2,624,950	2,397,367
Total Liabshites and Shareholders' Funds	38,277,514	55, 1114, 4719

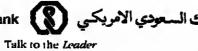


ement of Earnings

Less: Operating Expenses

Transfer to Reserves

البنك السعودي الأمريكي ( Saudi American Bank



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FT SURVEYS

#### INTERNATIONAL COMPANIES AND CAPITAL MARKETS

# Rustenburg falls 65.5% on lower metals prices

By Kenneth Gooding. Mining Correspondent

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-Marie To

> RUSTENBURG Platinum Holdings, the world's higgest platinum producer, yesterday reported half-year results well below analysts' expectations. Fre-tax profit fell hy 65.5 per

> cent to R168.7m (\$54.54m), earnings per share were down 49.8 per cent to 87.9 cents, and the dividend is to be cut by 28.5 per cent to 62.5 cents a share. Mr Barry Davison, managing

directur, said the second half performance would depend on metals prices. Present prices for all the metals produced hy Rustenburg, except palladium, were below those of the first half and could oot be expected to rise until there was a substantlal improvement in the world economy.

Asked about the potential

sale of 38.4 per cent of Johnson Matthey of the UK, the sole marketing organisation for pre-cious metals produced by Rus-tenhurg, by Charter Consolidated, the UK conglomerate, Mr Davison said his company had been in touch with both companies "and we are happy with what is going on."

He said that nelther Rustenhurg nor any of the other platinum companies managed by Johanneshurg Consolidated investment were directly involved in the negotlations

Mr Davison noted that the



Barry Davison: dividend cover unlikely to fall below 1.4 times

half-year dividend would he covered 1.4 times hy earnings, "which is a lower cover than has formerly been the case at the interim stage." But Rusten-hurg was not changing its dividend policy and it was unlikely that cover for the full-year

would drop below 1.4 times. Cross sales for the six months to December 31 slipped hy 5.8 per cent to R1.413hn, mainly because of a 34 per cent drop in the rhodlum metal price, compared with the same period of 1991, and a 15 per cent fall in nickel prices.

Capital expenditure for the period was R176.9m, down from R240m, and included R34.8m (R109.3m) for expansion

The carmaker's plans for the

ury car maker, opened an integrated DM1.1hn research and engineering centre in Munich at the end of 1989.

Correction Banco Bilbao Vizcaya

exchange rates is \$696m.

#### Mercedes Benz invests **DM800m** on research

By Kevin Done Motor Industry Correspondent

MERCEDES-BENZ. antomotive subsidiary of Daimier-Benz, is to invest DM800m (\$490m) to huild a new technical centre in Germany for the development of future car models.

The research and development ceotre will play a crucial role in the German carmaker's plans, announced last week, to transform its atrategic product policy.

During the 1990s, it wants to chonge from helog a tradi-tional maker of exclusive luxury cars into an "exclusiva full-line manufacturer offering high-quality vehicles in all segments of the market".

Mr Dieter Zetsche, Mercedes-Benz director for car development, said that the company planned to concentrate all new vehicle design, development and engineering operations at only two locations, instead of the present 18 sites in

south-west Germany. The new technical centre will be built at Sindelfingen in sooth-west Germany, near Mercedes-Benz's main domestic car assembly plant. It is planned to begin operations in 1996 and will have a workforce of around 4,500. The design and development

of engines and transmissions will he concentrated at the group's Unterturkheim plant in Stutteart.

new technical centre are a belated recognition that it has fallen behind its rivals in the efficiency of its development and engineering operations. BMW, its rival German lux-

Banco Blihao Vizcaya's net profit for 1992 was incorrectly reported in the yesterday's FT.

# Behind Paris's marriage of money and chic

Alice Rawsthorn examines the merger between Yves Saint-Laurent and Elf-Sanofi

THE opulent Salon imperial at the Ioter-Continental Hotel in Paris resounded with applause last week when Mr Yves Saint-Laurent, one of France's most famoos fashioo designers, mounted the stage for a stand-ing ovation at the end of his haute couture show.

Mr Saint-Laurent has heen showing couture in Paris for more than 30 years, hut last week's collection was special. lt was his last as an independent designer before YSL, his company, merges with Elf-Sanofi, the pharmaceuticals and cosmetics arm of Elf-Aquitaine, the flagship French oil

ysl has struck a complex share swap agreement whereby its perfumes will be taken over hy Elf-Sanofi, but the fashioo husiness will continue to be run hy Mr Pierre Bergé, who co-founded the company with

Mr Saint-Laureot.

Sears loses

C\$91m on

By Robert Gibbens

cent lower at C\$4hn.

In Montreat

ing charges.

slower sales

SEARS Canada, one of the two

higgest Canadian retail groups,

lost C\$9tm (US\$72m), or C\$1.04

a share, in 1992 on sales 3 per

Last year's Christmas shop-

ping season was disappointing,

Sears said. In 1991, it lost CS29m. The latest period

included C\$46m in restructur-

Retailers can now open on

Sundays in Ontario and Que-

bec. Over the past 15 months

the Canadian dollar has fallen

Canadians crossing the border

Sears Canada has closed two

to shop in the US.

France as well as Estee Lauder YSL has the prestige that Elf lacks. Its scents, including Oplum and Rive Gauche, repre-sent roughly FFr2.5hn of its FFr3ho annual sales. It also needs new inward lovestmeot.

ion and beauty. It now costs up to \$50m to promote a new perfume worldwide. This is imposing intense financial pressure on Independents, like YSL, which harely broke even in the first half of last year.

But Elf needs to increase its perfume portfolio, prefarahly with a prestigious brand, if it is to continue to compete for prove more difficult. The challeoge for Elf is to distribution io the increasingly consolidated retail sector against powerful players such as L'Oréal and LVMH of

The growth of the hig groups, such as L'Oreal and LVMH, has raised the stakes in fash-

At first glance, the deal

makes sense for both parties.

Elf-Sanofi has been expanding

in perfume to augment its

pharmaceutical interests. It

now has a portfolio of brands,

including Nioa Riccl and

Fendi, which provide FFr3.2hn

(\$581m) of its FFri9bn annual

n theory, last week's deal should give YSL and Elf what they want - money and chic, respectively. In prac-tice, though, things might

launch new YSL fragrances. It has the necessary financial resources, but has taken on YSL at a difficult time. The French fashion designers have seen sales fall by 20 per cent in real terms from their 1990 peak to FFr4.3hn in last year. The global beauty market has been relatively static for two years.

Elf also has the problem management changes. that, although YSL is still prestigious, it is these days less obviously in the forefront of vated by the prospects for YSL's personnel within the Elf

fashion. Mr Saint-Laurent's era empire. Mr Saint-Laurent is seen as unpredictable even in as an innovator is rooted in the 1970s, when his most successthe histrionic Paris fashion world. Mr Bergé is called Pierre ful scents, Rive Gauche and le Panthère in French business Opium, came out. His classic circles for his autocratic style. style, beloved of haute bourgeoise Parislennes, is not Until now, they have been free always in step with the inforto run their company exactly mal fashions of the 1990s. This as they wished. may make the YSL name less

hat occurred in the Scherrer house shows how difficult marketable for Elf when it tries to launch oew perfumes There is also the question of it can be for fashion entreprewhat will happeo after Mr neurs to adjust to a more huttoned-down corporate life. Mr Saint-Laurent, now 56 with a history of poor health, retires. Elf might be able to revive YSL Jean-Louis Scherrer, the founder, stormed out hefore under a new designer, as Christmas after a row with its Chaoel has done with Mr Karl Lagerfeld. But other houses new owners and the house is now mired in legal have found the transition more difficult, notably Balmain and

Mr Berge insists there is no possibility of that scenario recurring at YSL Eveo so, the spectre of Scherrer provided an ominous backdrop to Mr Saint-Laurent's last independent couture show

# Italians return to loans market Strong US

3M to \$289m By Laurie Morse in Chicago

volume lifts

MINNESOTA Miniog & Manufacturing yesterday reported increased fourthquarter earnings of \$289m, or \$1.32 per share, up 11.5 per cent from \$259m, or \$1.18 per share, in the same 1991 quarter. The company said stroog domestic volume helped hoost fourth-quarter results. with Its industrial and con-

sumer sectors showing gains. US sales volume gained 8 per cent, while international volume was up 6 per cent. In dollar terms, worldwide sales were \$3,375hn, np from \$3.224hn in the same period last year. Mr L. D. DeSimone, chairman, said the quarter's earnings were limited by economic weakness ahroad.

For the year, earnings were \$1.23hn, or \$5.63 per share, up 6.8 per cent from \$1.15bn, or \$5.26, in 1991, on sales of \$13.9bn, up from \$13.3hn in 1991. The latest full-year results include a charge of \$3m, or 2 cents per a share, for required accounting changes.

# Record HK property deal

By Simon Davies in Hong Kong

WORLD GROUP, the Hong Kong corporate empire of the late Sir Yue-kong Pao, yesterday paid a record HK\$3.53hn (US\$458m) for a large property development site on the Kowloon Peninsula In an auction held by the Hong Kong government.

World won the hid for the 1.7m sq ft site in Diamond Hill in the face of competition from all of the colony's leading propcrty developers, including Cheung Kong, New World Development and Sun Hung Kai Properties.

The deal is to be shared evenly between three of World's listed companies -World International, Wharf Holdings, and Hong Kong Realty and Trust. Mr John Hung, director of

Wharf, said the group would "create the only mega purposebuilt retail centre under one roof in that region". It plans to bulld retail and

residential property on the

12 per cent against the US dollar. Mr Joseph Reddington, Sears president, said these factors had reduced the flow of

THE conversion into dollars of

catalogue distribution centres.

Birks, the Canadian jeweliery chain will get a cash infusion from Italy's Borgosesla group. It will keep 38 stores open, having closed 73 stores The correct figure at current | last year when it sought hanknuptcy protection.

#### worthiness. The deal was sucinternational hanks are still waiting for their money. So far, a handful of medium The Efim débacle meant that few international banks were

By Sara Webb

ITALIAN borrowers are returning to the international syndicated loans market after an absence of several months.

and long-term credit institutions has tapped the loans mar-ket with relatively small deals, hut hankers expect several more financial institutions and some corporate names to seek international syndicated cred-Its over the next six months hecauae of their relatively heavy horrowing needs.

While the cost to Italian borrowers of raising money from international banks is in some cases higher than in early 1992. bankers believe that as more Italian names return to the market, pricing on Italian deals should start to edge lower.

Italian borrowers have been virtually barred from the syndicated loans market since last July when Efim, the state industrial holding group, went into liquidation. Italian and foreign hanks are owed L9,500bn (\$6,22hn).

Initially, the Treasury proposed to repay the Efim loans the first "post Efim" Italian

interest rates, in a deal which carried a slight premlum, and was resisted by the hanks. The Treasury has now agreed to repayment in full, although

willing to lend to Italian names - which have traditionally heen frequent users of the Euromarkets - in the second half of last year. However, now that some

bankers are satisfied that the problems concerning Efim will be resolved, Italian borrowers are eagerly seeking funds in the International syndicated loans market. Some of the deals launched

In the last few weeks have been quite generously priced, bankers said, in order to woo hack lenders. For example, Meliorconsorzio launched a DM37m seven-year loan paying a margin of 75 hasis points over the London Interhank offered rate (Lihor) and participation fees of 30 basis points

for DM4m amounts. One of the hanks involved said that, as this was one of cessfully syndicated with the amount increased to DM57m.

More tightly priced was Monte del Paschi di Siena's loan, originally set at Ecu 50m but raised to Ecu 110m. Bank-

reflected the market's percep-

tion of the horrower's credit-

Lanvin, which have experi-

enced a series of design and

These difficulties are aggra-

in the future.

ers appeared content with the margin of 52.5-57.5 basis points over Libor and the maturity of 101/4 years, despite initial concern that the terms might prove too tight. Since the completion of these deals, other Italian names have

come to the market. Mediocredito Lombardo, a medium-term credit institution, has launched a \$50m, two-year loan paying 35 hasis points over Lihor, which lead manager Sumitomo has said may be increased to Other borrowers include Cre-

dito Fondiario e Industriale, which has launched a five-year Ecu100m loan priced at 65 hasis points over Libor with participation fees of hetween 22.5-37.5 basis points, and Istituto Nazionale per li Credito Edilizio, a medium-term mortgage institution.

Notice to the Warrantholders of

# KEIO

Keio Teito Electric Railway Co., Ltd. Warrants (the "First Warrants")

to subscribe for shares of common stock of Keio Teito Electric Railway Co., Ltd. issued with

U.S. \$200,000,000

4¼% Bonds 1993 Warrants [the "Second Warrants"] to subscribe for shares of common stock of Keio Teilo Electric Railway Co., Ltd. issued with

U.S. \$300,000,000

34% Bonds 1993

Pursuant to Clause 4 (C) of the Instruments dated 22nd February, 1989 and 16th November, 1989 (the "Instruments") and in arraydance with Conditions 7 and 11 of the Terms and Conditions of the Warrants, notice is hereby given that:-

Due to issuance by Keio Toito Electric Rollway Co., Ltd. Jthe "Company") nn 28th January, 1993 of Sfrs 200,000,000 2 per cent. Notes due 28th Jaunary, 1997 with Warrants to subscribe for shares of common stock of the Company (the "Shares") at a consideration per Share receivable by the Company (Yen 528) which is less than the current market price per Share [Yen S64.90] on the date in Japan on which the Company fixed the said consideration, the Subscription Prices of the First and the Second Warrants in effect were adjusted as follows respectively pursuant to Clause 3 (vii) of the Instruments and Condition 7 of the Terms and Conditions of the Warrants:

1) The First Warrants Subscription Price before adjustment: Subscription Price after adjustment:

Yen 1.386.70 Yen 1.379.60

2) The Second Warrants Subscription Price before adjustment: Subscription Price after adjustment: Effective date of Adjustment:

Yen 1,640.00 Yen 1,631.80 28th January, 1993 llapan timel

Keio Teito Electric Railway Co., Ltd. By: The Sumitomo Trust and Banking Compony, Limited as Principal Paying Agent

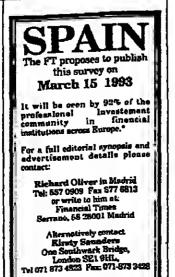
Dated. 4th February, 1993

Landes Kreditbank Kreditbank Baden-Wurttemberg Landeskreditbank

Baden-Württemberg US\$200,000,000 Subordinated lioating rate notes due 2003

Notice is hereby given that the poles will bear interest at 5.25% per annum from 4 February 1993 in Adminst 1993, Interest payabboon 4 August 1993 will amount to US\$26 40 per US\$1,440 note and US\$263.96 per l'SS problè mote and 1252 A.P. 58 per 135100,000

Agent: Morgan Guaranty Trust Company JPMorgan



FINANCIALTIMES

# OFFERS TO EXCHANGE DATE OF EXPIRY: 2nd MARCH, 1993

using bonds with below-market deals to he launched, the deal

#### THE REPUBLIC OF FRANCE

One Ordinary Share "A" of Rhône-Poulenc S.A. for each Preferred Investment Certificate of Rhône-Poulenc S.A.

and

Two American Depositary Shares each representing one-fourth of an Ordinary Share "A" of Rhône-Poulenc S.A. evidenced by American Depositary Receipts for each American Depositary Share representing one-half of a Preferred Investment Certificate

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# Danish bonds tumble as currency pressures resurface | EIB completes

and Patrick Harverson in New York

DANISH government honds tumbled yesterday as the Danish currency came under beavy selling pressure, reigniting the tensions within the European exchange rate mechanism.

The Danisb central bank raised the rate on its repurchase operations from 11.5 per ceot to 13 per cent in order to defend the krone, and several European central banks inter-

#### GOVERNMENT BONDS

vened in the foreign exchange markets to belp support the currency and prevent a devalu-

The Danish economy minister. Ms Marianne Jelved, ruled out a devaluation of the krone, saying it would be defended at all costs against increasing attacks from currency specula-

■ PRESSURE on the Danish currency fuelled hopes that the Bundesbank may soon allow an easing in German official

The Garman government bond market ended higher on the day, buoyed by hopes that the public sector unions would agree to a low wage increase this week, allowing the Bund-

esbank to ease rates. Dealers noted strong demand for medium-dated paper, which led to a steepening of the yield curve. The Liffe hund futures contract, which opened at 93.26, moved up to a high of 93.35 before ending at around

■ FRENCH government bonds closed higher, even though the currency came under pressure again and money-market rates remained relatively high.
The Bank of France

announced yesterday it had reopened its 5-10 day lending facility - which was suspended on January 5 offering funds at 12 per cent for five-day periods. The yield on the 8 per cent bond due 2003 moved from 7.84 per cent to 7.80 per cent.

Elsewhere in Europe, Dutch government bonds rallied on news that the Dutch finance ministry plans to allow openmarket trading in stripped components of publicly-issued 30-year government bonds.

FT FIXED INTEREST INDICES Year Feb 3 Feb 2 Feb 1 Jan 29 Jan 20 ago 85.26 95.27 94.21 94.76 94.83 68.23 95.54 85.11 11.087 110.75 109.94 109.86 109.75 100.99 110.87 97.15 Basis 100: Government Securities 15/10/26; Fixed Interest 1926
\* for 1982/93. Government Securities high since computation. 127.40 (gr./25), Fixed Interest high since compitation. 11(0.8° (3/273), buy 50.53 (2/17/5) GILT EDGED ACTIVITY Feb 2 Jan 29 Feb 1 GBt Edged Bargains 6-Day average 205.7 185.0 )58.4 180.2 227 8 163.1 169.5 145.7

■ UK government honds closed slightly higher after a volatile day in which the market shrugged off sterling's weak-ness in the foreign exchange

Dealers noted some foreign interest in gilts, suggesting that overseas investors think sterling may be close to its low and expect to see an appreciation in sterling assets. Tha Bank of England said

two of its tap stocks had been

exhausted yesterday.

■ JAPANESE government bond prices fell sharply as investors sold futures ahead of an expected interest rate cut.
The bond market expects the Bank of Japan to cut the Official Discount Rate by 75 basis points to 2.5 per cent today.

Media reports and anonymous statements from senior government officials indicated the cut - which would provide a wel-come boost for Jspan's weak

economy - would come today.

Hopes of a cut pushed rates on three-month certificates of deposit to s record low of 3.25 per cent, down from 3.43 per

profits yesterday. The futures contract fell half a point from 109.73 to end at 109.24, the low of the day. The yield on the benchmark No 145 opened at 4.3 per cent and

closed at 4.355 per cent, just off

the low price of the day.

dents.) Prices. US, UK in 32nds, others in decimal The Japanese government bond market climbed to a fiveyear high earlier this week and the prospect of a rate cut prompted investors to take

> By midday, the benchmark 30-year government bond was up 16 at 1041, yielding 7.233 per

At the short end of the mar-

#### BENCHMARK GOVERNMENT BONDS Coopen Rad Price Change Yield Week, age 10.000 10.002 108.7845 -0.132 8.64 8.77 BELGIUM 8.750 08/02 107 7500 -0.050 7 56 7 59 CANADA 8.500 G402 102.9500 -0.100 8.04 6.07 7.92 DERMARK 8.000 05/03 96 0500 -0,450 8 60 B 49 8 97 FRANCE STAN 8.500 03°97 102 1885 +0.241 7.84 7.96 8.500 11/02 104.4900 +0.420 7.82 7.80 8.000 07/02 106 3000 + 0.240 7 06 T 15 7 23 17ALY 12.000 05/02 95.8050 + 0.17S 13.19t 13.23 13.70 JAPAN No 119 4.500 06/59 103.0442 -0.261 4.19 4.26 5.500 03/02 107 S126 -0.354 4.35 4.34 NETHERLANDS 8.250 06:02 100,0000 +0.240 7.05 7.11 1C 356 05/02 52 3000 +0 250 11.67 11.72 12.63 6.57 6.81 6.02 8.16 6.50 8.72 70 000 21/96 111-04 + 6/32 9 750 06/32 111-09 + 3/32 9 000 10/08 103-29 + 3/32 6 375 96/02 99-17 -8/32 7.525 11/22 104-22 +6/32 US TREASURY 6.44 6.46 7.24 7.24 6.64 7.36

ECU (French Govt) 6.506 63/02 102.2750 + 0.200 6.14 6.20 6.59 ondon dicsing, "denotes New York marring session Yields: Local market standard Gross annual yield junctuding withholding tax at 12.5 per cent payable by non-resi Yields: Local market standard

■ US Treasury prices yesterday firmed slightly at the long end, 4.250 per cent.

but stayed flat at the short end, as investors and dealers stuck to the sidelines ahead of the afternoon announcement of next week's refunding auc-

ket, the two-year note was unchanged at 99%, to yield

In recent weeks there has been much speculation over whether the Treasury would change the refunding mix by cutting the size of the long bond issue (and Increasing the amount of shorter-dated securities sold accordingly) in order to reduce the cost of financing the budget deficit.

The shorter time between

# shelf registration for yen issues

By Richard Waters

THE European Investment Bank yesterday completed the first shelf registration for yen denominated bonds. potentially lowering its borrowing costs in future by shortening the time it takes tu launch yen issues.

The arrangement, which is intended to cover all of the bank's expected yen borrowing this year of more than Y200bn (\$1.6bn), will make it possible for the EIB to seek bids from underwriters and then launch a ven issue on the same day. an official sald.

The process takes two days at present, due to the need to obtain Ministry of Finance approval for the lead-managers and co-managers to the issue. The bank has now obtained the Japanese authorities'

permission to use any managers selected from a pre-notified list of some 50 to 60 banks, doing away with the need for specific authorisation for each issue.

inviting bids and choosing underwriters should prompt banks to submit more

competitive hids, the Kill official said. "If counter-parties are on risk for less time, it should lead to finer pricing." he said. The official added the relationship between yields in the Japanese guvernment bond. Euruyen and swap markets worked in a less predictable way than in some other currencies, and that this added to the costs when banks ur the EIB wanted to bedge any Euroyen position. This

possible bids. The shelf-registration, arranged by Nikko Europe, covers an initial Y250bn of bunds. Last year, the EIB raised around Y200bn in the Euroyeu market, making it the second-largest borrower behind the World Bank.

further discouraged banks from submitting the tightest

The agreement also follows the recent trend for borrowers to reduce their issuing costs by standardising documentation of their Euroband and medium-term note issues. The EIB's arrangement is expected to reduce the fees un each individual transaction from around £30,000 to some £10,000.

# Sterling reverse FRNs prove popular with institutional investors

By Antonia Sharpe

THERE was a rusb of sterling reverse floating-rate notes totalling £300m yesterday as issuers tapped the current demand for instruments which will allow investors to benefit from falling UK interest

#### INTERNATIONAL BONDS

Syndicate managers said they were the first sterling reverse FRNs to be underwritten in the public domain.

The paper proved popular with institutional investors who believe that sterling interest rates are set to fall further this year.

All three issues are believed to have been swapped, leaving the issuers with a normal floating rate liability.

Goldman Sachs kicked off with a three-year £100m issue

for Abbey National, the UK more paper could be issued in bank, which was snapped up quickly. It was followed by the Halifax Building Society, the largest UK mortgage lendar, which raised a similar amount via UBS Phillips & Drew. In the early afternoon, Goldman arranged a further deal for Eksportfinans, the Norwegian

import-export agency. The basic terms on the three deals were virtually identical. Each was priced at par, with the first coupon fixed at 7 per cent for the first six months. Thereafter, the semi-annual coupon will be fixed at 12.375 per cent minus six-month

Mr Jonathan Nicholls, director, corporate finance and capital markets at Abbey National, said that yesterday's issue foilowed the bank's strategy of baving a mix of medium-term notes and that the structure lent itself well to this maturity. Syndicate managers said there was a limit to how much

Tbe current climate prompted Bayerische Vereinsbank to re-open its \$100m collared 10-year FRN, issued early in January, and raise a further

just outside the fees.

the near term because the swaps transactions linked to vesterday's deals had resulted in less favourable conditions in the swaps market. However, they did not rule out further issues, or variations on yesterday's structure, in view of the bealtby demand from inves-

Elsawbere, the European Investment Bank (EIB) issued DM500m with a 6.625 per cent coupon and priced at 101,10. The five-year issue was described as tightly priced and was trading at 99,43/48 late in the day to yield 6.75 per cent,

The stream of Canadian dollar deals continued yesterday. The C\$125m, 10-year offer from the city of Montreal and

#### **NEW INTERNATIONAL BOND ISSUES** US DOLLARS 100 Kidder Peabody Int. D-MARKS 5C0 6.625 181.1 Feb. 1998 1.625/1.25 Hypotiank FRENCH FRANCS Apr 2002 Crédit Foncier da France(b) 98.97 JP Morgan 8 Co., Paris STERLING Abbey Nat.Treas.Services(c)‡ Halifax Auliding Society(c)‡ Eksportfinans(c)‡ 100 100 100 Goldman Sachs Int. UBS P80 Securities Goldman Sachs Int. 0.2/0.1 CANADIAN DOLLARS Export Gevelopment Corp Ville de Montreal 1,375/1.275 Panbes Cap,Mkts 2/1.825 ScottaMcLeod 101 0975 100.575 STALIAN LIBA ational Cayman Is. 150ton 12.375 101.625 Mar, 1998 1,875/1.25 |MI Bank Luxembourg SWISS FRANCE Home Wide Corp.(d)♦★ 30 1 875 100 Feb.1997 1.625/1.375 Nomura Bank(Switz.)

Final terms and non-callable unless stated. \*Private placement #With equity warrants. \*Floating rate note. a) Fungible from payment date with \$100m launched on \$/1/93. Prus 18 days accrued interest. Price, less undiscissed, Coupon pays 6-month Liber - 0.125%; minimum 5%, maximum 9.25%. b) Fungible with outstanding FFF1. Ibn Pockage includes detechable warrants to buy the 8.5% 2088 OAT. c) 7% hard coupon for first 6 months and 12.375% - 6-month Liber thereafter d) Final terms fixed on 9/2/93, Callable from 19/2/95 at 102% declining by 8.5% serm-annually.

C\$300m three-year paper from Export Development Corp were both said to be aggressively priced with respect to comparable Canadian government bonds, and distribution

was reportedly slow. Syndicate managers said much of the recent Canadian dollar paper remained unplaced and that spreads had widened as a result.

For example, the spread on Crédit Foncier de France's C\$200m deal launched last Friday was now at 53 basis points. compared with au initial 45. See Lex

#### Chinese stock exchanges consider computer links

THE Shanghai Stock Exchange may attempt to unify with the Shenzhen Stock Exchange, AP-DJ reports from Hong Kong.

China's official Xinbua news agency quoted the Sbangbai exchange president, Mr Wei Wenyuan, as saying he would "enhance links" with the Shenzhen stock market. He suggested that a joint computer system would expand the business of both markets and erase some problems for inves-

Currently, the Shanghal and Shenzhen markets operate independently and under different rules. Shanghai operators have previously indicated an interest ln bridging co-operation with Shanghai. Sbanghai's transaction vol-

550 22 30 38 5½ 20 28 600 3 10 19 38 53 55

tors.

Grand Met. 420 38 53 59 11 21 27 (\*38c) 24 30 34 2½ 11 15 (\*439) 460 10 31 36 30 41 47 Prodential 300 24 30 34 2½ 11 15 (\*321) 330 6 15 19 14 26 31

ume hit a record Yn23.95bn (\$3.99bn) in January and was 18 times above January 1991's level. Last year, turnover in Shanghai was Yn61.8bn, seven times higher than the year ear-

• The first initial public offer this year of a company on the Shenzben bourse has been planned fur listing this month. The simultaneous launch for both the donestic and foreign markets of Chiwan Harbour shares will be internationally

cally by China Merchant Bank The issue will raise a total of between Yn200m and Yn250m. Standard Chartered and China Development Finance will underwrite the offer.

lead-managed by Standard

Chartered Asia and domesti-

#### MARKET STATISTICS

						ONAL BOND SERVIC	_			_	
sted are the latest international i	bonds for v	eldich th	iara is s	Chg.	Queta s	econdary market.	test pric	es at 7:0	क क्रमा क	Pebri Chg.	uary 3
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TOTOM 42/848	100 250 150	1514	1154		6.29	ENERGIE BEHEEK 83/4 98 FI	500	11042	1081		7.01
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TE 73/4 97  18 75/8 94  18 75/8 94  18 75/8 94  18 95/8 95  18 95/8 95  18 95/8 95/8 95/8 95/8 95/8 95/8 95/8 95/	300 1500 1000	1051	106		454	BELL CANADA 10 5/8 99 CS	150	1084	109		087
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EDIT FONCER 9 1/2 99	300	115	1154	-1	5 84 6 43	GEN ELEC CAPITAL 10 96 CS	300	1044	1024 1054	•	6.29
EDIT FONOER 9 1/2 99	150	105%	106	-4	6.43 4.44 4.82	KFW PAT FIN 1001 CS	400	100.5	107 4 1084 1094		8.81
NMARK 9 1/4 95	1571	1081	1091 1083	-4	4.82 5.81	ONTARIO HYDRO 10 7/8 99 CS	500	1091	1092	+4	8 RO
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873/496	250	1065	1085 107 1131		5.56	BELCIEN O I BOY EAR	1250	107	10712	***	7.00
FC OF ERANCE 9 98	500 TOOO	1112	1124	4	5.61 5.56 6.03 6.21	CREDIT LYONNAIS 9 % Ecu	125	100%	1834	+4	S79
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POFINIA 9 1/4 96	100	1111/4	ш	+4	5 56	FIR 1097 Fee	120	984	98% 106%	12	9.41
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RO CAPITAL 9 3/4 97	250	170 €	111	-4	5.46 6.82 5.73 6.82	ALDC 10 99 AS	2750	1041	105%		8.23
MAC 9 1/R QA	300	100.7	10.2		5.73	SPAMERICA 12 1/4 96 AS	100	1004	1094		8.69
JINNESS FINANCE 8 94	200	104	105		4.65	COMM 8K AUSTRALIA 153/499 AS	100	1044	1224	47	915
M INTE FIN 7 3/4 94	500	1034	1041		4 47	EUROFIMA 14 5/894 A1	75	1081	109	-1-	17
	200	1097	100	- 4	564	MCOOWALDS CANADA 15 95 AS	100	1154	1144	-4	8.32
ALY 8 1/2 94	1500	106	1005	-	4.56	NAT AUSTRALIA BANK 14 3/4 94 AS	150	1083	1071	7	7.32
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	200	105 -	10.7	4	6.38	ABBEY NATL TREAS 153/895 E	100	1124	1154		6.50
W TEALAND 994	850		1064 1064 1101	-	4.59	RRITISH GAS 12 346 05 2	100	1135	TO	+4	7.57
W 7EALAND 994 PPDN CRED 8K 10 3/8 95 PPDN TEL 4 TEL 9 3/8 95	200	110 1082 1075	1094	+4	5 81 4 91 7 22	UNILEVE-1900 F. S.	150	1015 1105 1105 1105 1105 1105 1105 1105	109%	416	9.41 9.40 9.40 9.40 9.40 9.40 9.40 9.40 9.40
TARIO 6 1/2 01 TARIO HYDRO 11 5/8 94	600	107	1084	-4	7.22	DEUTSCHE BK FIN 11 94 E	225	1041	1095 1045 1104		6.29
	200	107	1075	4	4.43 6.79 5.69	HALIFAX 10 3/8 97 E	100	1102	1105	******	/.W
TTÉR KONTROLL BANK 8 1/201 1790-Canada 7 1/4 %.  EBEC PYDYD 9 3/4 98  EBEC PYDV 9 98  INSBURY 9 1/8 96	200	104	1052	-4	5.60	HSBC HOLDINGS 11.69 02 £	152,724	1124	1105	-	9.66
EBEE HYDRO 9 3/4 98	150	1134	1051		6.78	TALY 10 1/2 14 E	400	105	1064	**	9.83
IEBEC PROV 998	200	1007	1104	- 2	6.78	NORWAY 10 1/2 94 £	200	104	104%	7	6.36
S 1D 99	200	110% 104% 113% 109% 100%	1107	*	8.06	DNTARID 11 1/8 01 E	100	1051 961 104 1144	1041 1154	+6	051
S 1D99 148 9 1/2 95 10F 9 1/2 98	500	108	1094	-6	6.02 8.06 5.43 6.32	TOKYO FI FC POWEP 11 01 F	150	115	1154		7.37 9.66 9.96 0.51 0.51 0.51 0.51 0.51 0.51 0.51 0.51
ATE BK KSW B LIZ 96	200	107 %	114%	41.	A 117	WORLD BANK LI 1/4 95 E	100	1093	1155		6.43
VEDISH EXPORT B 3/8 96	700	107%	1087	-1	5.59	TURZ FIN 9 1/4 02 NZS	75	106	107		S29
CF 9 1/2 98 ATE BY MSW 8 1/2 96 WEDISH EXPORT B 3/8 96 KYO ELEC POWER B 3/4 96 KYO BUT TROPOLUS B 1/4 96 BUT DRAW B 3/8 96	300	1094	100% 108% 100% 100% 1111% 1111%		5.74 5.70	CEPME 10 95 FFr	2000	1034	1061; 1031; 1031; 104	****	8.46 8.49 S.18
ORLD BANK B 3/8 99	1500	III s	ili	-1	6.40	ELF-AQUITAINE 9 99 FFr	600 4000	1025	1031	+5	8.49
ORLD BANK 8 3/8 99	200 3125 200 200 200 200 200 200 200 200 200 2	1115	1115	-4	6.40 5.70 6.30	SHCF 9 1/4 97 FFr	4000	11125	104	*1	218
		TI PAR									
TITTECHE MARY		тия	m/4		0.30						
SUTSCHE MARK STRAIGHTS		Q6.L				EI DATING BATE NOTES	larmed	Bk	90	fer !	Capp
STRIA 5 7/8 97		Q6.L		+14	6.99 7 19	EI DATING BATE NOTES	larmed	99.7	99.	ter 1	C.com . 4550
STRIA 5 7/8 97		961 1031 1071	961 104 1073	+14	6.99 7 19 7.1D	EI DATING BATE NOTES	300 200 500	99.79 99.20 100.00	99. 99. 100	fer 185 6	450
ISTRIA 5 7/8 97 LGIUM 7 3/4 02	500 500 280 1000 700	961 1034 1074 1015	964 104 1074 1014	+4 +4	6.99 7.19 7.10 6.66	FLOATING RATE NOTES ALLIANCE & LEKS 0.08 94 E	300 200 500 350 300	99.79 99.20 100.00	99. 99. 100	fer 85 6 52 3 14 9 12 3	4550 4550 45313 19375
ISTRIA 5 7/8 97 LGIUM 7 3/4 02	500 500 280 1000 700	961 1034 1074 1015	964 104 1074 1014		6.99 7.19 7.10 6.66	FLDATING RATE NOTES ALLIANCE & LERCS 0.08 94 6	300 200 500 350 300	99.7 99.2 100.0 99.9 100.1	99. 4 99. 5 100. 6 100. 1 100.	54 5 43 6	C.500 .4550 .5313 .9375 .7300 .7500
STR145 7/897 LGIUW 7 3/402 IP 0 1/401 UITSCHE FINANCE 7 1/2 95 5 7 1/2 99 NLANO 7 1/2 00	500 500 280 1000 700	961 1034 1074 1015	964 104 1074 1014		6.99 7.19 7.10 6.66	FLDATING RATE NOTES ALLIANCE & LERCS 0.08 94 6	300 200 500 350 300	99.7 99.2 100.0 99.9 100.1 99.2 99.0	99. 4 99. 5 100. 6 100. 1 100.	54 5 43 6	200 1700
STR145 7/897 LGIUW 7 3/402 IP 0 1/401 UITSCHE FINANCE 7 1/2 95 5 7 1/2 99 NLANO 7 1/2 00	500 500 280 1000 700	961 1034 1074 1015	964 1074 1074 1014 1054 101 1042		6.99 7.19 7.10 6.66 7.06 6.75 7.31	FLDATING RATE NOTES ALLIANCE & LERCS 0.08 94 6	300 200 500 350 300	99.7 99.2 100.0 99.9 100.1 99.9 99.9 100.7	99. 4 99. 5 100. 1 100. 1 100. 1 99. 5 99.	54 6 43 10 92	7500 7750 5625 8000
STR145 7/897 LGIUW 7 3/402 IP 0 1/401 UITSCHE FINANCE 7 1/2 95 5 7 1/2 99 NLANO 7 1/2 00	500 500 280 1000 700	961 1034 1074 1015	964 1074 1074 1014 1054 101 1042	#4 #4	6.99 7.19 7.10 6.66 7.06 6.75 7.31	FLDATING RATE NOTES ALLIANCE & LERCS 0.08 94 6	300 200 500 350 300	99.7 99.2 100.0 99.1 100.1 99.9 100.3 100.3	99. 4 99. 5 100. 1 100. 1 100. 1 99. 1 99.	154 6 43 10 54 47 10 55 54 56 54	.7500 .2500 .4750 .5625 .0000 .0000
STR145 7/897 LGIUW 7 3/402 IP 0 1/401 UITSCHE FINANCE 7 1/2 95 5 7 1/2 99 NLANO 7 1/2 00	500 500 280 1000 700	961 1031 1074 1015 104 101 104 1124 1035	96 1 107 4 107 4 105 1 104 2 105 2 1	#4 #4	6.99 7.19 7.10 6.66 7.06 7.31 6.99 6.85 7.30	FLDATING RATE NOTES ALLIANCE & LERCS 0.08 94 6	300 200 500 350 350 350 150 200 100 200 1000	99.7 99.2 100.0 99.1 100.1 99.9 100.3 100.3	99. 4 99. 5 100. 1 100. 1 100. 1 99. 1 99. 1 99.	154347525556 154347525556	.7300 .2500 .4750 .5625 .0000 .0000 .4063
STR145 7/897 LGIUW 7 3/402 IP 0 1/401 UITSCHE FINANCE 7 1/2 95 5 7 1/2 99 NLANO 7 1/2 00	500 500 280 1000 700	961 1031 1074 1015 104 101 104 1124 1035	96 1 107 4 107 4 105 1 104 2 105 2 1	#4 #4	6.99 7.19 7.10 6.66 7.06 7.31 6.99 6.85 7.30	FLDATING RATE NOTES ALLIANCE & LERCS 0.08 94 6	300 200 500 350 350 350 150 200 100 200 1000	99.7 99.2 100.0 99.9 100.1 99.9 100.3 99.8 102.1	99. 100. 100. 100. 100. 100. 100. 100. 1	154347525556 154347525556	.7300 .2500 .4750 .5625 .0000 .0000 .4063
STR145 7/897 LGIUW 7 3/402 IP 0 1/401 UITSCHE FINANCE 7 1/2 95 5 7 1/2 99 NLANO 7 1/2 00	500 500 280 1000 700	96 1 103 1 107 1 101 1 105 1 104 103 1 103 1 103 1 103 1	96 1 107 2 101 3 101 3 104 2 103 2 115 4 103 3 103 4 103 4 103 4		6.99 7.19 7.10 6.66 7.06 7.31 6.99 6.85 7.30	FLBATING BATE NOTES ALLIANCE & LERCS LOB 94 £ BANCO ROMA 99 BELGUM 1/16 97 DM BFCE-0.02 99 ENF POS ENF POS ENTANNA 1/10 99 £ COZE 06 ECU CITZENS FED & LS 99 CREDIT FONCES-1/16 96 DENMARK-1/18 99 ELEC DE FRANCE 1/12 95 DM ELEC DE FRANCE 1/18 99 FERRO DEL STAP 94	300 200 500 350 350 350 150 200 100 200 1000	95.7 99.2 100.0 99.9 100.1 99.2 99.2 99.8 100.3 100.1	99. 100. 1	54 55 43 60 47 10 92 55 64 87 96 57 97 92 78 77	7500 7750 5625 9000 4063 5313 2500 6250
STRIAS 7/897  IGUIN 7 3/402  IP 01/401  UNSCHE FINANCE 7 1/2 95  SC B 5/8 96  8 7 1/2 90  HAND 7 1/2 00  FERA LELECTRICE 3/4 95  TER AMER DEV 9 00  LAND 7 3/4 02  WINTL FRANCE 7 1/4 97  KYU ELEC FÜNER 7 5/6 02  RICEY 10 3/4 96  UNER 10 3/4 97	500 500 280 1000 700	96 1 103 1 107 1 101 1 105 1 104 103 1 103 1 103 1 103 1	96 1 107 2 101 3 101 3 104 2 103 2 115 4 103 3 103 4 103 4 103 4	#4 #4	6.79 7.10 6.75 6.86 7.39 6.86 7.15 6.86 7.15 9.89	FLBATING BATE NOTES ALLIANCE & LERCS LOB 94 £ BANCO ROMA 99 BELGUM 1/16 97 DM BFCE-0.02 99 ENF POS ENF POS ENTANNA 1/10 99 £ COZE 06 ECU CITZENS FED & LS 99 CREDIT FONCES-1/16 96 DENMARK-1/18 99 ELEC DE FRANCE 1/12 95 DM ELEC DE FRANCE 1/18 99 FERRO DEL STAP 94	300 200 500 350 350 350 150 200 100 200 1000	95.7 99.2 100.0 99.9 100.1 99.2 99.2 99.8 100.3 100.1	99. 100. 1	12 54 64 10 55 64 87 85 87 88 87 88 87 88 87 88 87 88 87 88 88	7500 7500 1750 5625 0000 0000 4063 5313 2500 6250 2250
STRIAS 7/897  IGUIN 7 3/402  IP 01/401  UNSCHE FINANCE 7 1/2 95  SC B 5/8 96  8 7 1/2 90  HAND 7 1/2 00  FERA LELECTRICE 3/4 95  TER AMER DEV 9 00  LAND 7 3/4 02  WINTL FRANCE 7 1/4 97  KYU ELEC FÜNER 7 5/6 02  RICEY 10 3/4 96  UNER 10 3/4 97	500 500 280 1000 700	96 1 103 1 107 1 101 1 105 1 104 103 1 103 1 103 1 103 1	96 1 107 2 101 3 101 3 104 2 103 2 115 4 103 3 103 4 103 4 103 4	*** **** *	6.71.10 6.71.10 6.7.6.10 7.6.1	FLBATING BATE NOTES ALLIANCE & LERCS LOB 94 £ BANCO ROMA 99 BELGUM 1/16 97 DM BFCE-0.02 99 ENF POS ENF POS ENTANNA 1/10 99 £ COZE 06 ECU CITZENS FED & LS 99 CREDIT FONCES-1/16 96 DENMARK-1/18 99 ELEC DE FRANCE 1/12 95 DM ELEC DE FRANCE 1/18 99 FERRO DEL STAP 94	300 200 500 350 350 350 150 200 100 200 1000	99.7 99.2 100.0 99.1 99.2 99.8 99.8 99.8 99.8 99.7 100.1	5 99. 4 99. 5 100. 5 100. 5 100. 5 99. 5 99. 5 99. 5 100. 7 99. 5 100. 7 99. 7 99. 7 99. 8 100. 8 10	124 3 5 6 6 6 7 10 2 5 5 3 3 7 7 2 3 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 7 7 2 3 3 3 7 2 3 3 3 7 2 3 3 3 7 2 3 3 3 3	7500 4750 5625 5600 4063 5313 6250 6250 6250 6250
STRIAS 7/897  IGUIN 7 3/402  IP 01/401  UNSCHE FINANCE 7 1/2 95  SC B 5/8 96  8 7 1/2 90  HAND 7 1/2 00  FERA LELECTRICE 3/4 95  TER AMER DEV 9 00  LAND 7 3/4 02  WINTL FRANCE 7 1/4 97  KYU ELEC FÜNER 7 5/6 02  RICEY 10 3/4 96  UNER 10 3/4 97	500 500 280 1000	961 1031 1074 1015 104 101 104 1124 1035	96 1 107 2 101 3 101 3 104 2 103 2 115 4 103 3 103 4 103 4 103 4	#4 #4	6.79 7.10 6.75 6.86 7.39 6.86 7.15 6.86 7.15 9.89	FLBATING BATE NOTES ALLIANCE & LERCS LOB 94 £ BANCO ROMA 99 BELGUM 1/16 97 DM BFCE-0.02 99 ENF POS ENF POS ENTANNA 1/10 99 £ COZE 06 ECU CITZENS FED & LS 99 CREDIT FONCES-1/16 96 DENMARK-1/18 99 ELEC DE FRANCE 1/12 95 DM ELEC DE FRANCE 1/18 99 FERRO DEL STAP 94	300 200 500 350 350 300 150 200 100 200 1000	88.79.79 99.72 100.00 100.1 99.72 100.1 99.77 100.1 99.77 100.1 99.77 100.7 99.77	5 99. 4 99. 5 100. 1 10	124 3 5 6 6 10 5 5 5 3 8 5 5 3 7 5 5 5 3 8 5 5 3 7 5 5 5 3 8 5 5 3 7 5 5 5 7 5 5 5 7 5 5 5 6 6 6 7 6 7 6 7	7500 4750 5625 8000 4063 5313 2500 6250 6250 6250 3750
STRIAS 7/897  LIGIUS 7 3/402  LIGIUS 7 3/402  LIUTSCHE FINANCE 7 1/2 95  SCB 518 96  8 7 1/7 99  LLAND 7 1/2 00  REPAL ELECTRIC B 3/4 95  LEP AASER DEV 9 00  LENIND 7 3/4 02  WI INTL. FINANCE 7 1/4 97  KYO ÉLEC POUCER 7 5/6 02  RINCY 10 3/4 96  LIESWAGES 10 97  LIESWAGES 10 96  LIESWAGES 10 97  LIESWAGES 10 96  LIESWAGES 13/4	500 500 280 1000 700	96 1 103 1 107 1 101 1 105 1 104 103 1 103 1 103 1 103 1	96 1 107 4 107 4 105 1 104 2 105 2 1	*** **** *	6.71.10 6.71.10 6.7.6.10 7.6.1	FLBATING BATE NOTES ALLIANCE & LERCS LOB 94 £ BANCO ROMA 99 BELGUM 1/16 97 DM BFCE-0.02 99 ENF POS ENF POS ENTANNA 1/10 99 £ COZE 06 ECU CITZENS FED & LS 99 CREDIT FONCES-1/16 96 DENMARK-1/18 99 ELEC DE FRANCE 1/12 95 DM ELEC DE FRANCE 1/18 99 FERRO DEL STAP 94	300 200 500 350 350 300 150 200 100 200 1000	99.7 99.2 100.1 99.9 100.1 99.5 100.3 99.5 99.5 99.5 99.5 99.5 99.5 99.5 99	5 99. 4 99. 5 100. 1 10	124 3 5 6 6 10 5 5 5 3 8 5 5 3 7 5 5 5 3 8 5 5 3 7 5 5 5 3 8 5 5 3 7 5 5 5 7 5 5 5 7 5 5 5 6 6 6 7 6 7 6 7	7500 7750 5625 8000 4063 5313 2500 6250 6250 6250 7750 6250 7750 7750 7750 7750
STRIAS 7/897  IGIUS 7 3/402  IP 01/401  UINSCHE FINANCE 7 1/2 95  SCB 518 96  3 7 1/7 90  HLAND 7 1/2 00  FERAL ELECTRIC B 3/4 95  HER ASHER DEV 9 00  WINTL FINANCE 7 1/4 97  KYD 61/6 C 97  WINTL FINANCE 7 1/4 97  KYD 61/6 C 97  KY	500 500 280 1800 700 300 300 300 1500 1500 1500 1500 1500	961, 1031, 1071, 1051, 1011, 1013, 1013, 1014, 1001, 1014, 1001, 1014, 1001, 1014, 1001, 1014, 1	96'4 107'4 101'4 101'4 101'4 101'4 101'4 101'4 104'4 1	*** **** *	6.719 7.166 7.196	FLDATING BATE NOTES ALLANCE & LERS 0.09 94 E BAILOR BILL STORM BELGHIM 1/16 97 DM BELGHIM 1/16 96 E COCE 06 ECI COCE 06 ECI COCE 06 ECI COCE 06 ECI COCE 07 DM BERTANIRA 1/10 96 E CHIZLEN FED & LIS 96 DRESONER FINANCE 1/12 96 DM BELGHIM 1/10 94 E BELGHIM 1/10 94 E BELGHIM 98 TALV 00 LEEDS FERNANCHIT 1/8 96 E LIDYSC BANK 1/10 PCBP 3.3 MITSUI FIN ASSA 1/8 96 MEW ZEALAD 1/8 96 MEW ZEALAD 1/8 96	150 200 200 350 350 200 150 200 150 200 200 200 200 200 200 200 200 200 2	99.7 99.2 100.1 99.9 100.1 99.8 99.8 99.8 99.8 99.7 100.1 100.0	5 99.4 4 49.3 5 100.5 1 100	125434792634978678028677337735533	7500 .4750 .5625 .8000 .4063 .5313 .2500 .6250 .2500 .6250 .7500 .7500 .7500 .7500 .7500
STRIAS 7/897  UINSCHE FINANCE 7 1/2 95  SC B 5/8 96  3 7 1/2 90  ULAND 7 1/2 00  FERAL ELECTRICE 3/4 95  TER AABER DEV 9 00  LAND 7 3/4 02  WINTL FINANCE 7 1/4 97  WEDER 877  WED 877  WEDER 877  WEDER 877  WEDER 877  WEDER 877  WEDER 877  WED	500 500 280 1800 700 300 300 300 1500 1500 1500 1500 1500	961, 1031, 1071, 1051, 1011, 1013, 1013, 1014, 1001, 1014, 1001, 1014, 1001, 1014, 1001, 1014, 1	96'4 107'4 101'4 101'4 101'4 101'4 101'4 101'4 104'4 1	222 2222 2 22 3	6.719.066.06.751.09.66.06.75.19.66.06.75.19.66.06.75.19.66.06.75.15.06.75.15.06.06.75.15.06.06.06.06.06.06.06.06.06.06.06.06.06.	FLDATING BATE NOTES ALLANCE & LERS 0.09 94 E BAILOR BILL STORM BELGHIM 1/16 97 DM BELGHIM 1/16 96 E COCE 06 ECI COCE 06 ECI COCE 06 ECI COCE 06 ECI COCE 07 DM BERTANIRA 1/10 96 E CHIZLEN FED & LIS 96 DRESONER FINANCE 1/12 96 DM BELGHIM 1/10 94 E BELGHIM 1/10 94 E BELGHIM 98 TALV 00 LEEDS FERNANCHIT 1/8 96 E LIDYSC BANK 1/10 PCBP 3.3 MITSUI FIN ASSA 1/8 96 MEW ZEALAD 1/8 96 MEW ZEALAD 1/8 96	150 200 200 350 350 200 150 200 150 200 200 200 200 200 200 200 200 200 2	99.7 99.2 100.1 99.9 100.1 99.8 99.8 99.8 99.8 99.7 100.1 100.0	5 99.4 4 49.3 5 100.5 1 100	125434792634978678028677337735533	7500 .4750 .5625 .8000 .4063 .5313 .2500 .6250 .2500 .6250 .7500 .7500 .7500 .7500 .7500
STRIAS 7/897  UITSCHE FINANCE 7 I/2 95  SCB 5/8 96  3 7 1/2 99  LIAND 7 1/2 00  PERAL ELECTRIC B 3/4 95  EER AABER DEV 9 00  EWINTL FINANCE 7 1/4 97  EVO ELEC POUVER 7 5/6 02  RIVEY 103 4/9 96  REVEY 103 4/9 96  REVEY 103 4/9 96  RELO BANK 0 3/4 90  UITSC FLOW OF STRAIGHTS  LINE SANK 6 3/4 90  UITSC FLOW OF STRAIGHTS  LINE SANK 6 3/4 98  B 2/4	500 500 280 1800 700 300 300 300 1500 1500 1500 1500 1500	961-101-101-101-101-101-101-101-101-101-1	96 104 107 4 101 4	*** **** * **	6.719.066.06.751.09.66.06.75.19.66.06.75.19.66.06.75.19.66.06.75.15.06.75.15.06.06.75.15.06.06.06.06.06.06.06.06.06.06.06.06.06.	FLDATING RATE NOTES ALLIANCE & LERIS 0.08 94 £ BARCO ROMA 99 BELGAJUM 1/16-97 DM BELGAJUM 1/16-96 C CCE 06 ECLI CUTZENS FED 0.15-96 CREDIT FONGER—1/16-96 DRESDMER FINANCE 1/72-96 DM BELGA DE FRANCE 1/72-96 DM BELG DE FRANCE 1/72-96 DM BELG DE FRANCE 1/72-96 DM LEEDS PERMANENT 1/9-96 £ LEDYOS BARK 1/10 PEPS 3 MITSUI FIN ASIA 1/8-96 BELGY ZELAND 1/8-96 B BENT ZELAND 1/8-96 B SOCKETS GENERALE 06 STATE BK MSW 3/16-98 STATE BK MSW	150 0 200 200 200 200 200 200 200 200 200	99.7 99.2 99.2 99.2 99.2 99.3 99.8 102.9 99.8 102.9 99.7 100.0 99.4 99.4 99.7 99.6 99.6 99.6 99.6 99.6 99.6 99.6	5 99, 4 100, 5 100, 6 100, 6 100, 7 99, 7 99, 8 100, 8 100, 9 100	2543 47 92 65 47 96 77 92 85 7 7 8 5 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	7300 2790 5625 8000 4063 5313 2500 6250 2250 6250 7250 6250 7250 6250 7270 7270 7270 7270 7270
STRIAS 7/897  UITSCHE FINANCE 7 I/2 95  SCB 5/8 96  3 7 1/2 99  LIAND 7 1/2 00  PERAL ELECTRIE 8 1/4 95  ER AABER DEV 9 00  WINTL FINANCE 7 I/4 97  EVO ELEC POWER 7 5/6 02  RIVEY 103 4/9 96  REVEY 103 4/9 96  REVEY 103 4/9 96  REL BANK 5 3/4 96  REL BANK 5 3/4 96  REL BANK 5 3/4 98  BANK 6 18  UITSCHE FRANCE STRAIGHTS  LIAN DEV BANK 6 18  UITSCHE FRANCE STRAIGHTS  LIAN DEV BANK 6 18  UITSCHE BANK 5 3/4 98  BANK 6 18  UITSCHE BANK 6 18  UITSCHE BANK 6 3/4 98  BANK 6 18  BANK 6 18  BANK 6 18  UITSCHE BANK 6 18  UITSCHE BANK 6 18  UITSCHE BANK 6 18  UITSCHE BANK 6 3/4 98  BANK 6 18  BAN	500 500 280 1800 700 300 300 300 1500 1500 1500 1500 1500	961-101-101-101-101-101-101-101-101-101-1	96 \\ 1074 \\	222 2222 2 22 3	6.71.1066 7.71.1066 7.71.1066 7.71.1066 7.71.106	FLDATING RATE NOTES ALLIANCE & LERIS 0.08 94 £ BARCO ROMA 99 BELGAJUM 1/16-97 DM BELGAJUM 1/16-96 C CCE 06 ECLI CUTZENS FED 0.15-96 CREDIT FONGER—1/16-96 DRESDMER FINANCE 1/72-96 DM BELGA DE FRANCE 1/72-96 DM BELG DE FRANCE 1/72-96 DM BELG DE FRANCE 1/72-96 DM LEEDS PERMANENT 1/9-96 £ LEDYOS BARK 1/10 PEPS 3 MITSUI FIN ASIA 1/8-96 BELGY ZELAND 1/8-96 B BENT ZELAND 1/8-96 B SOCKETS GENERALE 06 STATE BK MSW 3/16-98 STATE BK MSW	150-ed 300 200 350 350 150- 100 100 100 200 100 200 100 200 200 200	99.7 99.2 99.2 99.2 99.2 99.3 99.8 102.9 99.8 102.9 99.7 100.0 99.4 99.4 99.7 99.6 99.6 99.6 99.6 99.6 99.6 99.6	5 99, 4 100, 5 100, 6 100, 6 100, 7 99, 7 99, 8 100, 8 100, 9 100	2543 47 92 65 47 96 77 92 85 7 7 8 5 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	7300 2790 5625 8000 4063 5313 2500 6250 2250 6250 7250 6250 7250 6250 7270 7270 7270 7270 7270
STRIAS 7/897  UINSCHE FINANCE 7 1/2 95  SC B 5/8 96  3 7 1/2 99  HAND 7 1/2 00  FERA LELECTRIES 3/4 95  HER AABER DEV 9 00  WI HITL FRANCE 7 1/4 97  KYD ELEC PUWER 7 5/6 02  WI HITL FRANCE 7 1/4 97  KYD ELEC PUWER 7 5/6 02  REY 103 1/4 97  DELD BANK 0 15  DELD BANK 0 15  DELD BANK 0 15  UINDL BANK 0 15  UINDL BANK 0 15  UINDL BANK 0 16  UINDL BANK 0 16  UINDL BANK 0 18  UINDL B	500 500 280 1800 700 300 300 300 1500 1500 1500 1500 1500	961-101-101-101-101-101-101-101-101-101-1	96 107 4 107	17 77 7 1 1 1 177 77	6.71.1066 7.71.1066 7.71.1066 7.71.1066 7.71.106	FLDATING BATE NOTES ALLANCE & LERS 0.09 94 E BAILOR BILL STORM BELGHIM 1/16 97 DM BELGHIM 1/16 96 E COCE 06 ECI COCE 06 ECI COCE 06 ECI COCE 06 ECI COCE 07 DM BERTANIRA 1/10 96 E CHIZLEN FED & LIS 96 DRESONER FINANCE 1/12 96 DM BELGHIM 1/10 94 E BELGHIM 1/10 94 E BELGHIM 98 TALV 00 LEEDS FERNANCHIT 1/8 96 E LIDYSC BANK 1/10 PCBP 3.3 MITSUI FIN ASSA 1/8 96 MEW ZEALAD 1/8 96 MEW ZEALAD 1/8 96	150 0 200 200 200 200 200 200 200 200 200	99.7 99.2 100.1 99.9 100.1 99.8 99.8 99.8 99.8 99.7 100.1 100.0	5 99, 43 1000 5 100. 1000 1000 1000 1000 1000 1000 1000	2543 47 92 65 47 96 77 92 85 7 7 8 5 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	7500 .4750 .5625 .8000 .4063 .5313 .2500 .6250 .2500 .6250 .7500 .7500 .7500 .7500 .7500
STRIAS 7/897  UINSCHE FINANCE 7 1/2 95  SC B 5/8 96  3 7 1/2 99  HAND 7 1/2 00  FERA LELECTRIES 3/4 95  HER AABER DEV 9 00  WI HITL FRANCE 7 1/4 97  KYD ELEC PUWER 7 5/6 02  WI HITL FRANCE 7 1/4 97  KYD ELEC PUWER 7 5/6 02  REY 103 1/4 97  DELD BANK 0 15  DELD BANK 0 15  DELD BANK 0 15  UINDL BANK 0 15  UINDL BANK 0 15  UINDL BANK 0 16  UINDL BANK 0 16  UINDL BANK 0 18  UINDL B	500 280 1000 1000 402 3000 300 500 1000 500 400 200 200 1250 1000 200 200 200 200 200 200 200 200 2	961, 100 to 100	96 107 4 107	* * * * * * * * * * * *	6.71.10666 7.6.7.5.1965 7.6.7.6.8.3.1065 7.6.7.6.8.3.1065 7.6.7.6.8.3.1065 7.6.7.6.6.8.3.1065 5.5.1693	FLDATING RATE NOTES ALLIANCE & LERIS 0.08 94 £ BARCO ROMA 99 BELGAJUM 1/16-97 DM BELGAJUM 1/16-96 C CCE 06 ECLI CUTZENS FED 0.15-96 CREDIT FONGER—1/16-96 DRESDMER FINANCE 1/72-96 DM BELGA DE FRANCE 1/72-96 DM BELG DE FRANCE 1/72-96 DM BELG DE FRANCE 1/72-96 DM LEEDS PERMANENT 1/9-96 £ LEDYOS BARK 1/10 PEPS 3 MITSUI FIN ASIA 1/8-96 BELGY ZELAND 1/8-96 B BELGY ZELAND 1/8-96 B BELGY ZELAND 1/8-96 B BELGY ZELAND 1/8-96 B SOCKETS GENERALE 06 STATE BK MSW 3/16-98 STATE BK MSW 3	150-ed 300 300 350 350 150- 100 100 100 200 100 200 100 200 200 200	97.7 99.2 99.1 99.1 99.8 99.8 99.8 99.7 99.7 100.0 100.0 99.4 99.4 99.4 99.4 99.5 99.5 99.5 99.5	5 99, 4 100, 5 100, 6 100, 6 100, 7 99, 7 99, 8 100, 8 100, 8 100, 8 100, 9 100	2543 47 92 65 47 96 77 92 85 7 7 8 5 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	7300 2790 5625 8000 4063 5313 2500 6250 2250 6250 7250 6250 7250 6250 7270 7270 7270 7270 7270
STRIAS 7/897  UINSCHE FINANCE 7 1/2 95  SC B 5/8 96  3 7 1/7 90  HLAND 7 1/2 00  FERAL ELECTRIC B 3/4 95  HER ASHER DEV 9 00  WINTL FINANCE 7 1/4 97  KYD ÉLEC PULVER 7 5/6 02  WINTL FINANCE 7 1/4 97  KYD ÉLEC PULVER 7 5/6 02  REVEY 103 3/4 96  BITER KINGDOM 7 1/8 97  DELD BANK D 15  DE	500 280 1800 1800 1900 1900 1900 1900 1900 19	\$64, 16 10 10 10 10 10 10 10 10 10 10 10 10 10	96 107 4 107	17 77 7 1 1 1 177 77	6.71.10666 7.6.7.5.1965 7.6.7.6.8.3.1065 7.6.7.6.8.3.1065 7.6.7.6.8.3.1065 7.6.7.6.6.8.3.1065 5.5.1693	FLDATING BATE NOTES ALLIANCE & LERIS 0.08 94 £ BAICO BOMA 99 BELGAJIM 1/16 97 DM BETGAJIM 1/16 96 CCC 06 ECI CTCENS FED 0.15 96 CREDIT FONCER -1/16 96 DRESDMER FINANCE 1/72 96 DM ELET DE FRANCE 1/8 99 DRESDMER FINANCE 1/72 96 DM LEE DE FRANCE 1/8 99 EELAND 98 TAAL DR 96 TAAL OR LET DE FRANCE 1/8 99 6.5 LLOYDE BAIK 1/10 PEP 5.3 MITSUI FDI ASIA 1/8 96 EEN FER 90 SOUCETE GENERALE 96 STATE BK NEW 3/16 98 STATE BK	150e44 300 300 300 300 150 200 1500 200 200 200 200 200 200 200 200 200	97.7 99.2 99.1 99.2 99.2 99.3 100.1 99.5 100.1 99.7 73.2 100.0 99.4 99.4 99.9 99.9 99.9 99.9	5 99. 5 100. 5 100. 5 99. 5 99. 5 99. 6 100. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 7 99. 8 100. 8	1254 1055 1076 1076 1076 1076 1076 1076 1076 1076	1,7500 1,2750 1,2750 1,0000 1,4063 1,5313 1,
STRIAS 7/897  UITSCHE FINANCE 7 I/2 95  SCB 5/896  3 7 1/7 90  HLAND 7 1/2 00  FERAL ELECTRIC B 3/4 95  HER ASHER DEV 9 00  ELIAND 7 3/4 02  WI INTL. FIRANCE 7 I/4 97  KYO ÉLEC POUVER 7 5/6 02  WI INTL. FIRANCE 7 I/4 97  KYO ÉLEC POUVER 7 5/6 02  MINTL. FIRANCE 6/6 00  MINTL. FIRANCE 6/6 00  MINTL. FIRANCE 7 I/4 97  MELD BAHK 5 15  MELD BAHK 5 15  MINTL. BAHK 6 15  UNICL ELIROPE 4 3/4 98  8 0 3/4 04  HER MOTORS 7 I/2 95  HLAND 7 1/8 94  MER MOTORS 7 I/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  LAND 7 5/6 00  MEL BAH S 1/2 95  MEL BAH S 1/2 94  MEL S 1/8 96  MEL S 1/8 96  MEL S 1/8 94  MEL S 1/8 96  MEL S 1/8 94  MEL S 1/8 96  MEL S 1/8	500 280 1800 1800 1900 1900 1900 1900 1900 19	\$64, 16 10 10 10 10 10 10 10 10 10 10 10 10 10	96 107 4 107	* * * * * * * * * * * *	6.99 7.7.10 6.7.65 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.8.25 6.8.	FLDATING BATE NOTES ALLIANCE & LERIS 0.08 94 £ BAICO BOMA 99 BELGAJIM 1/16 97 DM BETGAJIM 1/16 96 CCC 06 ECI CTCENS FED 0.15 96 CREDIT FONCER -1/16 96 DRESDMER FINANCE 1/72 96 DM ELET DE FRANCE 1/8 99 DRESDMER FINANCE 1/72 96 DM LEE DE FRANCE 1/8 99 EELAND 98 TAAL DR 96 TAAL OR LET DE FRANCE 1/8 99 6.5 LLOYDE BAIK 1/10 PEP 5.3 MITSUI FDI ASIA 1/8 96 EEN FER 90 SOUCETE GENERALE 96 STATE BK NEW 3/16 98 STATE BK	150e44 300 300 300 300 150 200 1500 200 200 200 200 200 200 200 200 200	97.7 99.2 99.1 99.2 99.2 99.3 100.1 99.5 100.1 99.7 73.2 100.0 99.4 99.4 99.9 99.9 99.9 99.9	5 99. 5 100. 5 100. 5 99. 5 99. 5 99. 6 100. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 7 99. 8 100. 8	1254 1055 1076 1076 1076 1076 1076 1076 1076 1076	7,300 2500 4750 5625 9000 14063 1531
STRIAS 7/897  UITSCHE FINAMCE 7 1/2 95  SCB 518 96  3 7 1/2 99  ULAND 7 1/2 00  PERAL ELECTRIC B 3/4 95  EER AABER OEV 9 00  EAND 7 3/4 00  WINTL FINAMCE 7 1/4 97  KYU ELEC PULVER 7 5/6 02  RINTL FINAMCE 11/4 97  KYU ELEC PULVER 7 5/6 02  RINTL BANK 6 1/6 97  ILESWAGED HOM 6 3/8 97  FIELD BANK 6 3/4 00  BIELD BANK 6 3/4 00  BAN DEV BKS 1/2 99  BRA DEV BKS 1/2 99  BRA DEV BKS 1/2 99  BEEC HYDROS 500	500 280 1800 700 3000 3000 500 1500 1500 2500 1000 1250 1000 1250 1000 100	\$64, 16 10 10 10 10 10 10 10 10 10 10 10 10 10	96 107 4 107	* * * * * * * * * * * *	6.99 7.7.10 6.7.65 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.8.25 6.8.	FLDATING BATE NOTES ALLIANCE & LERIS 0.08 94 £ BAICO BOMA 99 BELGAJIM 1/16 97 DM BETGAJIM 1/16 96 CCC 06 ECI CTCENS FED 0.15 96 CREDIT FONCER -1/16 96 DRESDMER FINANCE 1/72 96 DM ELET DE FRANCE 1/8 99 DRESDMER FINANCE 1/72 96 DM LEE DE FRANCE 1/8 99 EELAND 98 TAAL DR 96 TAAL OR LET DE FRANCE 1/8 99 6.5 LLOYDE BAIK 1/10 PEP 5.3 MITSUI FDI ASIA 1/8 96 EEN FER 90 SOUCETE GENERALE 96 STATE BK NEW 3/16 98 STATE BK	150e44 300 300 300 300 150 200 1500 200 200 200 200 200 200 200 200 200	97.7 99.2 99.1 99.2 99.2 99.3 100.1 99.5 100.1 99.7 73.2 100.0 99.4 99.4 99.9 99.9 99.9 99.9	5 99. 5 100. 5 100. 5 99. 5 99. 5 99. 6 100. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 7 99. 8 100. 8	1254 1055 1076 1076 1076 1076 1076 1076 1076 1076	7,300 2500 4750 5625 9000 14063 1531
STRIAS 7/897  UITSCHE FINAMCE 7 1/2 95  SCB 518 96  3 7 1/2 99  ULAND 7 1/2 00  PERAL ELECTRIC B 3/4 95  EER AABER OEV 9 00  EAND 7 3/4 00  WINTL FINAMCE 7 1/4 97  KYU ELEC PULVER 7 5/6 02  RINTL FINAMCE 11/4 97  KYU ELEC PULVER 7 5/6 02  RINTL BANK 6 1/6 97  ILESWAGED HOM 6 3/8 97  FIELD BANK 6 3/4 00  BIELD BANK 6 3/4 00  BAN DEV BKS 1/2 99  BRA DEV BKS 1/2 99  BRA DEV BKS 1/2 99  BEEC HYDROS 500	500 280 1800 700 3000 3000 500 1500 1500 2500 1000 1250 1000 1250 1000 100	\$64, 16 10 10 10 10 10 10 10 10 10 10 10 10 10	9104 105 105 105 105 105 105 105 105 105 105	** * * * * * * * * * * * * * * * * * *	6.719.1066.0751.956.0751.54883.364.76.0751.956.0751.956.0751.54883.364.76.0751.956.0751.54883.364.766.0751.958.0766.0751.958.0766.0766.0766.0766.0766.0766.0766.076	FLDATING BATE NOTES ALLIANCE & LERIS 0.08 94 £ BAICO BOMA 99 BELGAJIM 1/16 97 DM BETGAJIM 1/16 96 CCC 06 ECI CTCENS FED 0.15 96 CREDIT FONCER -1/16 96 DRESDMER FINANCE 1/72 96 DM ELET DE FRANCE 1/8 99 DRESDMER FINANCE 1/72 96 DM LEE DE FRANCE 1/8 99 EELAND 98 TAAL DR 96 TAAL OR LET DE FRANCE 1/8 99 6.5 LLOYDE BAIK 1/10 PEP 5.3 MITSUI FDI ASIA 1/8 96 EEN FER 90 SOUCETE GENERALE 96 STATE BK NEW 3/16 98 STATE BK	150e44 300 300 300 300 150 200 1500 200 200 200 200 200 200 200 200 200	97.7 99.2 99.1 99.2 99.2 99.3 100.1 99.5 100.1 99.7 73.2 100.0 99.4 99.4 99.9 99.9 99.9 99.9	5 99. 5 100. 5 100. 5 99. 5 99. 5 99. 6 100. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 7 99. 8 100. 8	1254 1055 1076 1076 1076 1076 1076 1076 1076 1076	7,300 2500 4750 5625 9000 14063 1531
STRIAS 7/897  UITSCHE FINAMCE 7 1/2 95  SCB 518 96  3 7 1/2 99  ULAND 7 1/2 00  PERAL ELECTRIC B 3/4 95  EER AABER OEV 9 00  EAND 7 3/4 00  WINTL FINAMCE 7 1/4 97  KYU ELEC PULVER 7 5/6 02  RINTL FINAMCE 11/4 97  KYU ELEC PULVER 7 5/6 02  RINTL BANK 6 1/6 97  ILESWAGED HOM 6 3/8 97  FIELD BANK 6 3/4 00  BIELD BANK 6 3/4 00  BAN DEV BKS 1/2 99  BRA DEV BKS 1/2 99  BRA DEV BKS 1/2 99  BEEC HYDROS 500	500 280 1800 1800 1900 1900 1900 1900 1900 19	961, 100 to 100	96 107 4 107	* * * * * * * * * * * *	6.99 7.7.10 6.7.65 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.7.19 6.8.25 6.8.	FLDATING BATE NOTES ALLIANCE & LERIS 0.08 94 £ BAICO BOMA 99. BELGAJUM 1/16 97 DM BELGAJUM 1/16 97 DM BELGAJUM 1/16 97 DM BECE-0.02 96. COE 0.05 CO	150e44 300 300 300 300 150 200 1500 200 200 200 200 200 200 200 200 200	97.7 99.2 99.1 99.2 99.2 99.3 100.1 99.5 100.1 99.7 73.2 100.0 99.4 99.4 99.9 99.9 99.9 99.9	5 99. 5 100. 5 100. 5 99. 5 99. 5 99. 6 100. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 7 99. 8 100. 8	1254 1055 1076 1076 1076 1076 1076 1076 1076 1076	7,300 2500 4750 5625 9000 14063 1531
STRIAS 7/897  UINSCHE FINANCE 7 I/2 95  SCB 518 96  3 7 1/2 90  HAND 7 1/2 00  REPALELETINE B 3/4 95  EER AABER DEV 9 00  WINTL FINANCE 7 I/4 97  KYD ELEC POWER 7 5/6 02  WINTL FINANCE 7 1/4 97  KYD ELEC POWER 7 5/6 02  RICED BANK 0 18  UINDL BANK 5 3/4 96  BIRLD BANK 5 1/8  B 3/4 04  B 3/4 04  LAND 7 3/6 00  LEC OF FANCE 7 1/2 95  LAND 7 3/6 00  LEC OF FANCE 7 1/2 95  LAND 7 3/6 00  LEC OF FANCE 7 1/2 96  LEC OF FANCE 7 1/2 97  LEC OF TOWN 5/6 00  SEC OF TOWN 5/6 0	500 280 280 300 300 300 300 500 500 500 500 2500 100 2500 1250 100 100 100 100 100 100 100 100 100 1	\$1555555010240155455011 075544690465146	904 107 1 105 1 2 106 1 105 1	** * * * * * * * * * * * * * * * * * *	671906751995676486576486657648666576486666576486666666666	FLDATING BATE NOTES ALLANCE & LERS 0.09 94 E BALCO NOTES BATCO NOT	150e44 300 300 300 300 150 200 1500 200 200 200 200 200 200 200 200 200	97.7 99.2 99.1 99.2 99.2 99.3 100.1 99.5 100.1 99.7 73.2 100.0 99.4 99.4 99.9 99.9 99.9 99.9	5 99. 5 100. 5 100. 5 99. 5 99. 5 99. 6 100. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 6 100. 7 99. 7 99. 8 100. 8	1254 1055 1076 1076 1076 1076 1076 1076 1076 1076	7,300 2500 4750 5625 9000 14063 1531
STRIAS 7/897 UTSCHE FINANCE 7 1/2 95 SCB 5/88 96 37 1/2 99 ULAND 7 1/2 00 PERAL ELECTRIC B 3/4 95 EER AABER DEV 9 00 ELAND 7 3/4 00 WINTL FINANCE 7 1/4 97 EFOEN 8 97 KYD ELEC PUWER 7 5/6 02 WINTL FINANCE 7 1/4 97 EFOEN 8 97 KYD ELEC PUWER 7 5/6 02 RICED BANK 0 15 STREED BANK 0 3/4 08 STREED BANK 7 1/2 99 STREED STREED BANK 7 1/2 99 STREED STREED STREED BANK 7 1/2 99 STREED STREED STREED STREED BANK 7 1/2 99 STREED	500 280 1800 702 3000 3000 1900 1900 1900 2900 1250 1000 1250 1000 1000 1000 1000 10	185 1 105 1	9104 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	** * * * * * * * * * * * * * * * * * *	671910667671198530465764873336476 55591699422507643965557	FLDATING BATE NOTES ALLANCE & LERS 0.09 94 E BALCO NOTES BATCO NOT	150-ed 300 200 200 200 200 200 200 200 200 200	97.7.2.0.9.1.2.0.2.6.2.0.0.9.2.6.7.2.0.0.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.0.9.2.6.2.0.0.0.9.2.6.2.0.0.0.9.2.6.2.0.0.0.0.9.2.6.2.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0	5 99 99 1000 100 99 100 100 100 100 100 1	12543479235497878285787535333377	1.7500 1.7500 1.7500 1.0000
STRIAS 7/897 UTSCHE FINANCE 7 1/2 95 SCB 5/86 96 37 1/2 99 ULAND 7 1/2 00 PERAL ELECTRIC B 3/4 95 EER AABER DEV 9 00 ELAND 7 3/4 00 WINTL FINANCE 7 1/4 97 EFOEN 8 97 KYU ELEC PUWER 7 5/6 02 WINTL FINANCE 7 1/4 97 EFOEN 8 97 KYU ELEC PUWER 7 5/6 02 RICED BANK 01 STED KINGODM 7 1/8 97 ELESWAGED 100 MG 5/8 97 FINED BANK 5 3/4 98 BO 3/4 09 ELESWAGED 100 FS 3/4 98 BO 3/4 09 EN STRIAB SANK 6 1/8 EER SANK 6 1/8 UNIOL EUROPE 4 5/4 98 BO 3/4 09 EER SANK 6 1/8 EER SANK 7 1/2 95 UNIOL MODTRITH B 1/2 97 ELAND 7 5/8 09 EER CHARL 8/6 99 EER SANK 6 1/8 EER SANK 7 1/8 EE	500 500 280 1800 700 3000 3000 1500 500 500 500 2500 1000 1000 1250 1000 100	100 100 100 100 100 100 100 100 100 100	9104 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	** * * * * * * * * * * * * * * * * * *	671910667671198530465764873336476 55591699422507643965557	FLDATING BATE NOTES ALLANCE & LERS 0.09 94 E BALCO NOTES BATCO NOT	150-ed 300 200 200 200 200 200 200 200 200 200	97.7.2.0.9.1.2.0.2.6.2.0.0.9.2.6.7.2.0.0.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.9.2.6.2.0.0.0.9.2.6.2.0.0.0.9.2.6.2.0.0.0.9.2.6.2.0.0.0.0.9.2.6.2.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0	5 99 99 1000 100 99 100 100 100 100 100 1	12543479235497878285787535333377	1.7500 1.7500 1.7500 1.0000
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FINANCIAL TIMES THURSDAY FEBRUARY 4 1993

# ДΛЯ ОБСУЖДЕНИЯ БИЗНЕСА C 300 000 ВЛИЯТЕЛЬНХ PYCCKIX ЗВОНИТЬ +44 71-873 4797

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No Financial Izvestia.....no comment.

FINANCIALTIMES

# Triplex seeks £17.3m via rights

TRIPLEX LLOYD, the industrial engineering group, is asking shareholders for £17.3m through a 1-for-4 rights issue at 140p a share to finance expansion in its power and automotive and engineering

The price has been pitched at a discount of 33p to the overnight share price of 173p. It is just 7p above the bottom of the

shares' 1992-93 trading range. The rights issue is the second move in a financial reorganisation of the group. Last month it raised \$35m (£23.1m) through e private placement on the US capital markets and, in the process, switched most of its short term debt into medium and iong term borrowings at fixed rates of interest.

Hillsdown

operation

By Maggle Urry

sells poultry

HILLSDOWN Holdings, the

food group, has sold its Sandy-croft poultry operation to Mar-

shall Food Gronp, a private company based in Newhridge,

The price was not disclosed,

Marshall is one of the larg-

hnt is thought to he under

est poultry processing con-

cerns in the UK and also

makes convenience foods. It

achieved turnover in tha

Hillsdown bought Sandy-

croft, which has 24 farms, a

hatchery, a processing plant

and a breeder unit, as part of the acquisition of JP Wood

from Unigate a year ago. The group said the sale was

part of reorganisation of its

own and Wood's capacity.

plete hnt Hillsdown said it was

The poultry market had

been suffering from competi-

tive imports until sterling left

the Although the currency's

fall meant feed costs were

higher, Hillsdown said the

improvement in the industry

had helped its reorganisation

programme. Hilisdown shares were

ZANDPAN GOLD MINING

The results of the Company for the above period are as follows:

DIVIDENOS PAID OR DECLARED DURING THE HALF-YEAR.

Final ordinary dividend No. 40 of 7 cents per share, amounting to R9 114 000 for the year ended 30 June 1992 (1991: 8,25 cents per share, amounting to R10 742 000), was declared in May 1992 and paid on 24 July 1992.

Interim ordinary dividend No. 41 of 4,75 cents per share, amounting to R6 185 000 for the half-year ended 31 December 1992 (1991: 8,25 cents per share, amounting to R10 742 000), was declared in November 1992 and was peld on 15 January 1993.

22 096

20 000

1 196

INTERIM REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 1992

half-year ended

11073

10 658 8,2 cents

6 670

COMPANY LIMITED An Anglovaal Group Company Incorporated in the Republic of South Africa Reg. No. 55/02414/06

unchanged at 148p.

INCOME STATEMENT

Turnover

BALANCE SHEET

CAPITAL EMPLOYED

EMPLOYMENT OF CAPTIAL

For and on behalf of the board.

R.A.D. Wilson Chairman

within timetable and budget.

1990-91 of £141m.

plated last October, constitutes what Mr Colin Cooke, chair-man, called "a recharging of our batteries

Mr John Foley, managing director, said: "We now have cash at fixed rates and the size of halance sheet to finance expansion and some small add-ons as well." The immediate effect, however, is to reduce

This had increased to 70 per cent, from 60 per cent last Septamher, because of capital expenditure and increased needs for working capital. It is expected to drop after the rights issue to just over 20 per cent, then rise to a peak of over 40 per cent for two years,

before declining again.
Triplex Lloyd will be spending the proceeds ovar two years. Much will he devoted both to expanding and to raising the technological level of

casting operations, both in the UK and the US.

The spending emphasises the

group's policy, evident over the last two years, of concentrat-ing on the development of its power and automotive and engineering husinesses. This ces a question mark over the future for the huilding products division.

The new shares will not attract the interim dividend, payable later this month, hut will receive the final for the year to March 31 1993. Tha directors said they expected to hold the final distribution at 4.5p, maintaining total payments for the year

at 7p. Howaver, the group would not expand further on trading prospects for the current year; at the time of the interim statement last December it said that "substantial opportunities for growth". - while it was cantious about the automotive and engineering sector and had seen no sign of an upturn in the huilding products market.

**COMMENT** 

The City expects pre-tax profits for the current year to be about 17m, roughly the same quick economic npturn, share-holders looking for a profits boost will have to rely on the ability of the management to carve ont a larger market share in the power and automotive component markets. This is happening to some degree now but the process is unlikely to accelerate until the investment programme has worked through. That points to a quiet current year hut

## WMI soars 49% to £144m

By Angue Foster

WASTE Management International, the UK-listed overseas arm of Waste Management of the US, has maintained its rapid growth helped hy acquisitions.

It announced pre-tax profits ahead 49 per cent, from £96.4m to £143.7m, for 1992. Fourth cent, from £30.1m to £40.9m

quarter profits rose 36 per Mr Edwin Falkman, chief executive, said the results were "very satisfying" against a difficult economic hackground. During the year the group made 25 acquisitions

and raised £438m through a

listing of 20 per cent of its shares. Waste Management and its subsidiaries retained 80 per cent.

Turnover increased 34.5 per cent to £816.6m (£606.9m). Almost half the rise came from acquisitions with the remainder stemming from volume and price increases, especially in the Netherlands, France and

Europe remained WMI's most important market, accounting for 77 per cent of turnover, while the proportion of sales in Italy declined from 46 per cent to 38 per cent as other markets grew. Full year operating margins

improved from 15.4 per cent to 15.7 per cent, although fourth quarter margins were affected hy lower contributions from new acquisitions and seasonal

cent to 23.3p (17.9p), partly reflecting the increased share capital since the initial public offering in April. WMI has said it will not pay dividends during its present, acquisition driven phase. This is likely to last for at least two or three

The shares, which were listed at 585p, jumped 27p to

#### **BICC** completes purchase of KWO

By Judy Dempsey In Barlin

BICC, the cahles and construction group, yesterday announced It had completed the purchase of KWO, Germany's third largest cahie

KWO has been bought for DM58m (£24m) from the Treuhandanstalt, the agency responsible for privatising industry in eastern Germany.

The company, located around the industrial heartland ot east Berlin, makes telecommunications cabling, signalling equipment and power cables. Nearly a fifth of its

year ended

30 June 1992 R000

21 102

22 086

11 086

9 000

259 8 356

21 635

20 000

735 12 192

11 457

Europe and the former Soviet Union.

Mr David Hingston, managing director of the newly named KWO Kabel, said BICC was also committed to capital spending of DM80m hy the middle of 1994, as part of the "huge restructuring costs" involved in making KWO competitive and profitable.

The Treuhand has borne the cost of redundancies as the workforce has been cut from 8,000 three years ago to 2,200.

Last year, KWO recorded turnover of DM320m, "a low figure because of the restruct-uring," Mr Hingston said. He added that the new company was expected to increase turnover to DM400m next year.

The management, which is largely British but will be pre-dominantly German by the end of this year, stressed it was determined to increase productivity. Productivity is currently two thirds, and wages 60 per cent, of western German levels. The KWO acquisition has provided one of the outlets for the £154m BICC raised in a rights issue last May. It also bought a North American cables company and increased its stake in

GEGC ot Spain. Ahout 40 per cent of the turnover in BICC Cables (a separate division from the North American and Australasian cables operations) comes from continental Europe. The group had total turnover of £3.79bn in

#### **DIVIDENDS ANNOUNCED**

_	Current payment	Date of payment	corres - ponding dividend	for year	fast year
Castle Cairn inv fin	8.0	Apr 2	0.75	0.8	0.75
Seacon 5 fin	3.1	Apr 2	2.7	5.1	4.2

BOARD	MEET	INGS
and the same of th		

-	DOM
-	The following companies have notified of board meetings to the Sock Encountry and supply held for I pose of considering dividends. Official time are not available up to wheth dividends are interies or finals and the dividends are hown below are based me last year's thresholds.
ı	TODAY
1	intering- Allied Lelaure. Brietol Chenr Repairers, Cook (DC). TR GRy of Trust.
	l Findia, Riverschus Haavense Roomers

#### Simon sells European consultancy for £10.5m

By Angus Foster

SIMON Engineering, which last August put its environ-mental division np for sale because of falling profits and worries about its dividend, yesterday announced the sale of its European environmental consultancy business to North-umbrian Water for £10.5m.

This follows last month's £14.2m disposal of its water and waste treatment arm to Thames Water. The group, however, has

been unable to find a huyer for the third part of its environ mental division, the North American consultancy. Mr Brian Kemp, chief executive, said that would now he retained as a "profitable, stand alone business".

Analysts welcomed the sale, which would cut forecast yearend net borrowings of nearly £100m, equal to gearing of about 80 per cent. However, the change of heart on the North American division was seen as inconsistent and will reduce the overall proceeds expected from the disposal programme. The arm, known as Hydro-Search, was acquired for £6.7m in 1991.

Simon is due to announce results for 1992 next month. Pre-tax profits are expected to fall from £18.3m to between £10m and £12m because of recession in its process engineering and access divisions.

Speculation that it will have to cut the dividend, which was uncovered last year, knocked the shares from a high of 301p to a low of 70p last year. Yesterday, they gained 2p to 137p.

Net borrowings have almos doubled from £51m at the interim stage. This was mainly the result of advance payments in the process engineering division and devaluation of sterling, which increased the amount of US debt.

The disposals will reduce horrowings by about £30m hecause Thames Water assumed £6m of debt in its acquisition. Both sales should be completed when the results are announced but will not be reflected in the balance sheet.

#### **Founding** family reduces Stakis stake

By James Buxton

The Stakis family is reducing its stake in Stakis, the hotels and casinos group founded by Sir Reo Stakis, by taking up only a small proportion of the £28m rights issue announced

Yesterday the joint brokers, Smith New Court and Allied Provincial, placed 21.29m of the family's rights shares at 9%p each. The effect will be to reduce the family stake from 24 per cent to 18 per cent.

Privately, company officials weicome the chance to increase institutional shareholdings in the group, which nary shares to convertible stock could axplain part of the returned to marginal profit

# Kalon expands in Europe with £20m French deal

KALON, the paints group, has expanded into the Continent with the acquisition of Novo Holdings and Novodec, its main trading subsidiary and the largest private label paint supplier in France.

The consideration amounts to FFr161m (£19.8m), including The acquisition comes five months after Kalon failed to acquire Manders (Holdings), its rival paint maker, in a hostile all-share offer valued at £106.1m at the launch of the

> Some £14m of the French acquisition is to be funded by the allotment of almost 12m new ordinary shares at 117p apiece and the balance in cash. At the December 31 1992 year-end, Kalon had net cash palances of £12.3m; the pro forms effect of the acquisition will reduce that figure to

> Mr Mike Hennessy, gr nanaging director, sald that the deal and the price had been well received" in the City. The shares rose 11/2p to



was "a perfect fit"

123 p before the announcement and remained static

Kalon accompanied the news of the acquisition with a forecast that 1992 profits - after interest and hefore both the Manders bid costs of £1.5m and tax - would be not less than £13m, an advance of at least 41 per cent on last time's £9.2m. It added that it intended to to pay a final dividend - for which the newly allotted shares would rank - of 2.2p to

make a total of 3.2p (2.2p).

Mr Hennessy said the acquisition of Novodec was "a perfect fit". He said it was in the same position as Kalon in 1988; "strong in private label paints. but without any trade paint or decorative sundries business". Founded in 1975 by Galories du Papier Peint and Windeck Paints - which ironically was acquired by Manders in Decem-ber 1991 for £5.56m - Novodec was managed by Mr Graham Burke, who in 1982 became the niajority sharcholder. The French arm of 3i acquired a 22 per cent stake in 1990. Under Kalon's ownership,

the management will remain the same with the exception of Mr Burke, whu is retiring and will be replaced as chairman hy Mr Hennessy. He said Mr Burke had soid to Kalon, because it knew the business and its management and because Mr Burke wanted to preserve what he had created. Novodec employs 140 people. its paints sell throughout France, mostly in hyper and supermarkets and DIY sheds. Post-tax profits for 1992 are expected tu be FFr12m.

# Application of FRS 3 hitting teething troubles says Capel

By Andrew Jack

TEETHING troubles are beginning to appear in the application by companies of FRS 3, the new accounting standard on the profit and loss account, City analysts James Capel said yesterday.

In a circular distributed to cilents, the firm warned that a number of variations were creeping in to the implementation of the standard by different companies.

It stresses that users of accounts should not rely on the sub-totals shown in the new-style profit and loss account any more than on the new volatile earnings figure.

Capel, which has produced a ietailed analysis of the effects of the new accounting standards, reiterates that earnings will he substantially higher under FRS 3 than the existing

Capel said that the ratio for industrial quoted companies in 1991 was 9 per cent lower using its own "continuing earnings" figure than using the figure calculated by FRS 3. It is 7 per cent lower for 1992.

Mr Paul Walton, a Capel analyst, said there was a risk that companies would take advantage of FRS 3 to present their results in the best possible

The Capel document cites BOC, which by highlighting Its early adoption of FRS 3 and a iarge goodwill write-off, attracted little attention to a substantial provision it made to rationalise its healthcare

Capel also announced Its

own formulae for calculating a continuing earnings figure and a cash flow per share figure

its earnings per share figure will take the FRS 3 earnings figure and exclude costs in closure or withdrawal from a business segment, gains or losses on disposals and some other specific unusual items.

Its cash flow figure will take net cash inflow from operations, add returns on investment or servicing of finance, and deduct tax, dividends paid and movements in

working capital.
It hints that the Accounting Standards Board's forthcoming discussion document on acquisition accounting due out next month may well limit say such as properties, and to larger and listed companies.

#### Airtours shares slip below underwritten level

SHARES IN Airtours, locked in a £212m hostile hid for rival holiday company Owners Abroad, yesterday slipped back below the level at which its partial cash alternative has

been underwritten. In thin trading, the shares closed down 4p at 284p, below the 288p price at which Bar-clays de Zoete Wedd and British Linen Bank have underwritten the issue.

Owners Abroad's share price was unchanged at 116p, a 10p premium to the current value

of Airtours' paper offer. City analysts said technical swapping from Airtours ordilast week. The fall could also reflect

growing anticipation that the Department of Trade and Industry will not recommend Airtours' bid for referral to the Monopolies and Mergers Com-

A referral could mean that Airtours will withdraw from the hid. If successful. Airtours and Owners Abroad would have combined sales of about £1.6bn - a dramatic increase in the size of the company.

Even if there is no referral, the Owners Abroad share price suggests Airtours may have to increase its 3-for-8 share offer, or sweeten the deal to include a more generous cash alterna-

#### Laporte **secures** 78.3% of Evode

Laporte, the speciality chemicals company, said yes-terday that its ordinary offer for Evode had been declared unconditional.

By 3pm on February 3, it elther held or had received acceptances in respect of 56.9m Evode ordinary shares, or 78.3 per cent of the chemi-cals and plastics group's issued capital.

Similarly, it had received acceptances in respect of 29.2m Evode preference shares, of 71.7 per cent of the issued convertible preference share capital. Laporte does not hold any Evode preference shares. The offers will remain open for acceptances until fur-ther notice.



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# Holliday gears up for future growth

As the chemicals company approaches its flotation Richard Gourlay looks at its history and prospects

HE FLOTATION this March of Holliday Chemical Holdings, the synthetic dyestuffs and speciality chemicals company, has conjured up a memory of the past. With the cost of debt tum-bling for companies strong enough to part banks from their cash, equity is becoming an expensive way of raising

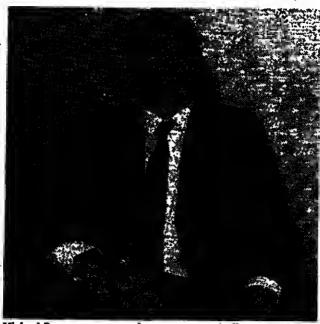
As a result, a subtle change of attitude towards high gearing may be emerging. After three years in which high debt evels have been as acceptable in the City as smoking before the Queen, gearing - the financial engineers' best friend - may be about to stage a

ome back. Mr Michael Peagram, chairman and chief executive of Holliday, is pondering exactly ues with his advisers but jokes that he would hate his company to have net cash

He can only afford the luxury of this debate as he approaches a flotation, which will valua the company at about £140m, because of Holliday's impressive history.

Over the five-year period since Mr Peagram, a doctor of Chemistry, led a management buy-ont of Holliday Dyes & Chemicals, sales have risen five-fold to an estimated £100m

Operating profits over the same period have grown to abont £13.6m, partly as a result of five acquisitions. But Mr Peagram is also at pains to point out that the company has grown organically every year



Michael Peagram: company has grown organically every year

by 10-15 per cent and last year by 20 per cent.

This organic growth is the secret to Holliday Chemical's appeal and the reason, City observers say, why Mr Pea-gram's acquisitive ways are likely to receive a warm welcome among investors.

According to Mr David Ingles, chemical analyst at stockbrokers James Capel, the Holliday management has developed a knack not only of spotting and acquiring companies, but running them efficiently and imaginatively.

performed noticeably better under Holliday than their previous owners. Examples include the acquisition from Hickson International in 1987 of James Robinson and William Blythe, the metal salts

company, bought in 1991 also

As the company has grown, Mr Peagram says he has strick to a strategy of building large shares of niche markets and evolding direct competition with the major chemical companies. Holliday's transition into

This etake is likely to be reduced to approximately 20 per cent. The flotation should raise about £80m, half of which will go to the existing inves-tors; some £30m would be used to substantially reduce debt to about £19m, against equity of

and a number of the group's companies have already been

in the public arena. He was

managing director of Croda Chemicals Division until 1985

stake in Holliday Dyes and

Chemicals, a loss-making com-

Two years later, Peagram led a management buy-out of Hol-

liday becked by institutions

including 3i. The transaction

left Mr Peagram with a 28 per

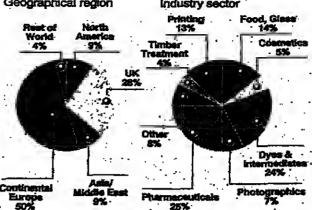
pany with sales of £8m.

about £41m. This is where the debate begins over the shape of Holliday's balance sheet. Raising about £60m would lead to relatively high gearing - about 50 er cent. Mr Peagram says this is not high when viewed in the light of the nine times interest

However comfortable the market might be with this level of debt - and it does still focus on balance sheet gearing. not just interest cover - Holliday could face problems with further expansion.

Mr Peagram has said he is not interested in acquisitions smaller than about £10m. But if Holliday paid £20m for a company, and took a goodwill write-off equal to about £10m, gearing could easily rise above

Holfiday Chemical Holdings sales Geographical region Industry sector



Mr Peagram says he is aware of this problem. Holliday's balance sheet is already weakened. by write-offs taken at the time of earlier acquisitions, he says. If he wanted to make such an acquisition, he would have to convince the City he was tell-

ing a good story. The solution of raising more money at flotation, however, goes against the grain with Mr

That said, Holliday does not anticipate making any acquisi-tions imminently. There is not a lot that we are not able to do now," says Mr Peagram. "We probably will raise more at various times but there is no acquisition contemplated." He says that even if he was

so-minded, an acquisition would not be physically possi-hle until the back end of the third quarter because the flotation has taken up so much

Mr Peagram is also aware that some City observers will compare Holliday with another speciality chemicals company that grew rapidly through acquisition but fell heavily from grace last year - MTM. While MTM's problem stemmed from the fact that large amounts of profit were an illusion, Mr Peagram is well prepared to highlight other dif-

He says he likes to sleep at night and has sdopted very conservative accounting policies; among the techniques MTM employed was the capitalisation of project development costs. He would be reluctant to sell any of his companies; the MTM stable was forever changing. Holliday's board is relatively unchanged; at MTM, board

seats changed frequently.

And Richard Lines, MTM's founder and chairman, had a very clear objective, says Mr Peagram: "He wanted to have a billion dollar turnover."

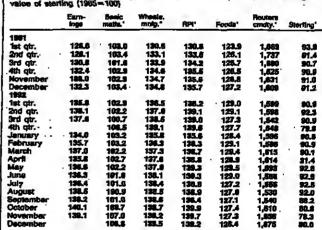
Mr Peagram says his objectives are altogether more modest - just as long as he is not forced to head a company that

# UK ECONOMIC INDICATORS ECONOMIC ACTIVITY- Indices of Indu (1985 = 100); engineering orders (£ billing) EXTERNAL TRADE- indices of export and import volume (1985 = 100); balance (Cm); current balance (Cm); oil balance (Cm); terms of trade (1985).

-2,860 -3,081 -2,172 -3,766 -1,976 - 827 -1,346 - 820 - 913 - 758 - 830 - 952 -1,218

FINANCIAL-Money supply M0, M2 and M4 (annual percentage change);bank starting lending to private sector; building societies' not inflow; consumer credit;

	MO %	M2 K	M4 %	Bank Hending	Em Em	Chemet, Chedity Dri	Base fine
1991							
lat etr.	2.9	. 18.5	. 10.6	+ 12,189	2,085	+485	12.50
2nd qtr.	1.7	11.0	8.9	+ 7,786	2,556	+477	11,50
3rd qtr.	. 20	_ 11,0	7.1	+ 8,806	739	+ 202	10,50
4th qtr.	2.9	9.5	6.1	+ 7,866	426	- 104	10.50
November.	3.0	. 2.6	· · 6.7	+ 4,079	- 49	+ 32	10.50
December 1992	3.1	9.2	1.3	+ 1,837	- 54	-138	10.50
1st qtr. ·	2.2	7.2	a.p	+ 5,485	266	+ 120	10,50
2nd qtr.	2.0	4.0	5.3	+ 9,917	77	+ 39	10.00
and qur.	2.3	4.2	5.3	+ 4,604	-262	- 18	9.00
In-the-state	. 21	7.0	6.2	+ 3,344	293	+ 10	10.50
Pebruary	. 22	7.4	2.9	+ 1,164	145	+ 29	10.50
March	2.3	6.7	5.8	+ 877	-172	+ 15	10.50
prH	2.3	5.2		+ 4,306	312	+ 28	10.50
day	2.5	. 44		+ 2,724	179	+ 68	10.00
hme	1.3	4.2		+ 2,886	-314	- 56	10.00
luly	2.5	4.5		+ 2,943	-325	+ 70	10.00
Luguet	2.4	4.5		+ 2,342	327	. 36	10.00
optember	21	3.5	4.1	- 687	-264	- 60	0.00
October	2.4	3.7		+ 5,029	281	+ 76	8.00
lovember	3.0	2.9	4.5	- 36	-184	+ 15	7.00
ecember .	. 3.0		3.7	- 74	117		7.00



#### PUBLIC WORKS LOAN BOARD RATES Effective February 2 Quota loans Over 1 up to 2 Over 2 up to 6 Over 3 up to 4 Over 4 up to 5 Over 5 up to 8 Over 6 up to 7. Over 7 up to 6. Over 6 up to 8. Over 9 up to 1 Over 15 up to 25

#### KKBC INTERNATIONAL LTD US \$ 50,000,000 FLOATING RATE NOTES DUE 1995

Notice is hereby given that, in accordance with the provisions of the abova mentioned Floating Rata Notes. the rate of interest for the six months period from February 3, 1993 to August 3, 1993 has been fixed at 3.875% per

Tha Interest payable on August 3, 1993 will ba US \$ 9,741.32 in respect of aach of US \$ 500,000 Nota.



# Springboard for a jump into international markets

Andrew Baxter reports on Jacobs Engineering's ambitions for the future of Humphreys & Glasgow

HE RECENT purchase of Humphreys & Glasgow, one of the most famous names among UK process plant contractors, has given Jacobs Engineering Group of the US a springboard for its European ambitions.

Terms were not disclosed. but the takeover by the eighth largest engineering and construction contractor in the US is the most important in the industry since Trafalgar House acquired Davy in the summer

The immediate circumstances of the takeovers are different - Davy was laid low by one disastrous contract while H&G has been struggling to make money in a generally difficult business climate for UK process plant contractors
- but the underlying trends are similar.

Big European and US clients, says Mr Noel Watson, Jacobs' president, are investing on both sides of the Atlantic and want contractors to be able to handle the job wherever it is built. But the relationship only works if the contractor stays close to the customer. The takeover unites two very

different companies. H&G, founded 100 years ago, was a

private company run for more than 40 years by the eccentric Ambross Congreva, son-in-law of its founder. It hit problems in the 1970s and was acquired by Enserch, the US

energy company, in 1983. Pasadena-based Jacobs, meanwhile, has grown from a. one man consultancy founded by Dr Joseph Jacobs in 1947 to a company with 14,000 employ-ees, and revenues last year of \$1.1bn (£700m). Publiclyquoted, the company is one of the world's few "pure plays for investors in the risky business of E&C contracting.

The deal seems to makes sense for both companies. Enserch was a good parent from a financial perspective, says Mr Frank Hart, H&G's managing director, but could not provide the additional benefits of a common process contracting background.

lso, the sale in Febru-ary of H&G's offshore contracting business left the company at "a pretty uncomfortable size" of about 450 employees, excluding its 40 per cent-owned Indian business, Humphreys & Glasgow

splitting into two, large broadly-based contractors and niche contractors," says Mr Hart. Mr Watson also sees clear

benefits from the takeover. Jacobs has principally been a domestic US contractor, with only 10 per cent of its, work coming from overseas, but after a period of unprecedented growth at bome Mr Watson now sees stronger growth in Europe, and wants a bigger international market place. A further acquisition on the Continent is a possibility.

Jacobs had established an office in the Irish Republic in 1974 after building a plant there for Syntex, the US pharmaceuticals group. But now Mr Watson wants to be able to serve big European clients on their home continent as well as in the US.

Similarly, Jacobs wants to follow more of its US clients when they invest in Europe such as intel for which Jacobs is building a \$175m wafer fabrication plant at Kildare. To do this Mr Watson and Mr

Hart aim to marry the skills of H&G and Jacobs, so that each can help the other on both eides of the Atlantic. H&G bring Jacobs its expertise in methanol and ammonia technology, while both companies are strong in fine chemicals and pharmaceuticals where the growth prospects are strongest.

ne of Jacobs' strengths is in environmental clean-up work. This is a big business in the US and Mr Watson hopes to export the expertise to Europe. Cleaning up sites after military activity is one of Jacobs' specialities, which could be put to use in eastern Germany following the withdrawal of the former Soviet Army.

Mr Watson is also keen to win contracts financed by the \$500m that the US Congress has earmarked for environmental clean-up work in the Commonwealth of Independent

Not all of this will happen overnight, but the process of interchanging skills has already begun, and is a crucial element in improving H&G's financial performance. The Croydon-based company

has been losing money for several years - one reason why Enserch lost patience - while Jacobs' net earnings have ecared from \$6.5m in 1968 to \$26.6m in the year ended



Frank Hart: believes H&G could be in the black from mid-year

With the integration of the company under way, Mr Hart-believes H&G could be in the black from mid-year. Market conditions look like

working in the company's favour - Mr Hart's trip round the UK with Mr Watson suggested customers were showing a little more confi-

bankers and the new man may be trying to raise some cash,

although a rights issue is said

to be out of the question. They speculated that the group was

trying to sell part of the busi-

# Huntingdon

#### up in first quarter

**HUNTINGDON** International Holdings, which is engaged in life sciences, biological safety testing and engineering and environmental services, reported pre-tax profit of en 73m for its first quarter to December 31.

The outcome marked a modest advance on the comparable £3.58m and came on sales abead 39 per cent at £40.1m (£28.9m), net of subcontract

Mr Bennie Wooley, chairman, said the group entered 1993 with signs of better prospects for both the US and UK economies later in the year. He believed the long term outlook for the company

remained good. Earning per share were unchanged at 29p.

#### 37% increase lifts Seacon to £2.3m

Improved results in all its divisions enabled Seacon, the USM-traded transport and freight group, to lift turnover 6 per cent and pre-tax profit 37 per cent in the year ended September 30 1992.

In view of the increase and to mark the group's confidence in the future - Mr Chris Roth, chairman, thinks "the reces-sion has bottomed out" - the dividend is raised from 4.2p to 5.1p with a final of 3.1p.

#### **NEWS DIGEST**

"Worldwide, the industry is

Earnings per share improved from 12.05p to 15.92p. In percentage terms the largeet profit increases were achieved by Seacon and Fores-

At the end of the year ster-ling was devalued. However, for the bulk of the period the steady sterling/D-Mark rela-tionship and declining fuel prices helped the fleet to be operated more efficiently.

Mr Roth said profits for the first quarter of the current year were marginally down, after being affected by edverse weather conditions in October and again last month.

#### Net asset growth for Castle Cairn

Over the 12 months ended December 31 1992 net asset value per share at Castle Cairn Investment Trust rose by 14.2 per cent, from 43.58p to 49.78p. That reflected the trust's eubstantial commitment to overseas markets maintained throughout the year, as well as the surge in the UK equity market over the last four

The revenue account showed total income of £243,000 (£222,000). Earnings per share worked through at 0.85p (0.79p) and the dividend is 0.8p (0.75p).

months of 1992 prompted by the departure of sterling from

#### Suspension of EIT shares at 91/2p

Dealings in the shares of ETT, the USM-quoted information technology group, wers suspended yesterday at 9%p pending clarification of the company's financial position.

The group, formerly known as Maxiprint, reduced its pretax losses from £246,000 to £190,000 in the year to March

#### Pelican acquires Fulham Road lease

Pelican Group, the restaura-teur, has acquired the lease of 855 Fulham Road, London, SW6, currently occupied by the group and trading as a Cafe

Rouge restaurant. Consideration for the 25 year lease was 394,737 Pelican ordinary shares which, with the share price closing unchanged at 40p last night values the deal at about £158,000. The acquisition of the lease will result in a rental saving of about £27,000 a year.

#### Racal Data awarded NRHA contract

Racal Data Networks has been awarded a contract by the Northern Regional Health Authority for Racal to carry data relating to stores information, purchasing and procurement systems.

Also offered as part of the service is eccess to X.400 standard store-and-forward mes ing as well as direct access to the Healthlink network and NRHA covers Cleveland,

Tyne & Wear, Northumber-

land. Durham and Cumbria

and within this there are more

than 60,000 NHS employees.

# Northumbrian Foods delays announcement of interims

By Maggle Urry

NORTHUMBRIAN Fine Foods, the biscuit and snacks group, set the stock market a puzzle last night. It was to have announced interim results yesterday but during the day made last minute cancellations of meetings set up with analysts and the press.

After the stock market

closed yesterday, with the shares unchanged on the USM at 19p, the company announced it was "Involved in discussions in respect of a reorganisation of the group". These

talks "are to be concluded talks might be with the group's shortly. "They are expected to have a material effect on the group's

interim results for the six months to September 80." No further explanation was forthcoming from the group, although the mystery may be solved today. The group's shares have fallen from 43p last June when

Mr Richard Adams, the then chairman and chief executive, resigned. A new chief executive, Mr Henry Roberts, was appointed in October. Analysts suggested that the

ness or that the interim figures might be affected by provisions relating to a reorganisation. The group had an excep-tional charge of £550,000 in the 1991-92 accounts, and also made adjustments to the bal-ance sheet relating to the acquisition in 1991 of John J

for £4.8m.

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**FINANCIAL TIMES** 

# 'Russian farmers needs more aid'

By Leyla Boutton in Moscow

MR VIKTOR Khlystun, Russia's agriculture minister, said yesterday the state would need to spend far more than the Rbs160bn (£185m) announced last week in extra subsidies to help farmers feed

the country.
If the ailing budget could not be stretched any further, Mr Khlystun proposed levying a 3 per cent tax on the profits of enterprises in other sectors of the beleaguered economy to raise money for agriculture, which remains dominated by state and collective farms.

Mr Khlystun said Rhs600hn was needed just to help peasants meet fuel and equipment hills so they could get on with sowing. That was because much of their revenue existed only oo paper because they were still owed money by other debt-hurdened enterprises. He said the problems were

particularly acute in milk and meat production, which had fallen hy 18 per cent last year, compared with a general decline in agricultural output of 8 per cent.

He said he would propose a more effective mechanism for distributing subsidies in a couhetter quality meat for instance, you will get a higher subsidy," he told a news conference. His ultimate goal was to shift subsidies from produc-ers to consumers but be said that would not possible until the country developed a social welfare system capable of distributing subsidies to the

worst off in society.

Agriculture has heen severely affected by a "scissors of finished goods, including agricultural equipment, had risen more sharply than prices paid to peasants.

initielly estimated to cost Rbs160bn, Russia's budget deficit for 1993 has been projected at Rbs3.5 trillion (million million), the amount the govern-ment sees as the limit for lowering it to 5 per cent of gross domestic product from unofficial estimates of 10 to 15 per cent last year.

Mr Khlystun said government farm subsidies, expected to reach Rbs430bn in the first half of this year, would "not be significantly higher" than the Rbs128bn promised and paid for the whole of 1992, if infla-

Price cuts under the CAP

reform will fall most heavily

on cereals, which commission

officials say could come down

by as much as 22 per cent on

this year's market, on their

way to a reduction of about a

third over three years. This cut

is supposed to be distributed

more evenly over the tbree

years, but adjustments to the

intervention regime and chang-

ing standards between differ-

ent types of grain will reduce

The main battleground when

farm ministers meet here next

week is likely to be the pro-posed reduction in the milk

quota. This should he of 2 per

cent spread over 1993-94, hut is

controversial hecause Italy,

which produces an illicit 2.5m

tonnes over its quota, is likely

prices faster, officials say.

#### move lifts Fox coffee trading

By David Blackwell

TRADING VOLUME in robusta coffee futures and options con-tracts has soared at London Fox since its new options pit was opened at the end of last

Mr Rohln Woodhead, who took over as chief executive of the troubled exchange in October last year, said yesterday that he was extremely pleased with the increase in volumes. which had followed positive action by the exchange.

Coffee options turnover hit a record 28,666 ints for January. the first full month of trading in the new pit. This marked a 63 per cent rise on December - itself e record month. Trading in the underlying futures contract, which was only 63,000 lots last November, reached 112.524 lots in Jann-

Cocoa options also showed strong growth, trading 11.925 lots in January, the best month since March 1991. Cocoa futures traded 142,178 lots, np from 83,515 in Dacember and 136,737 in November.

The options pit was moved to a position in between the coffee and cocoa futures markets on December 14, and a wall between the two markets was removed. "We believe the relocation has resulted in a significant increase in both options and underlying futures trading," said Mr Woodhead.

The London Fox chief executive plans to focus on increasing husiness in the core contracts at the exchange, which was in the doldrums for more than a year after a scandal in its now defunct property futures market.

The exchange hes just received a detailed and exhaustive study" of the sugar market from Landell Mills, the commodity consultants. Mr Woodhead said that the exchange hoped to make a decision on the future of its raw sugar market hy the end of March.

The contract, which has switched from floor trading to screen trading and back over tha past couple of years, has on some days registered no vojume. • The International Petro-

18 months as from March 12. The IPE said the move was made in response to demands from industry users.

# Options pit | Israeli citrus growers given state aid after exports fall 36% St Lucia's banana exports to Britain last year reached t33,000 tonnes, 2,100 tonnes more than in 1991, according to the island's producers' association, writes Canute James in Khupston. The

By Hugh Carnegy In

ISRAEL'S parllamentary finance committee has approved \$25m in emergency state aid to the country's citrus industry, which has been hit this season by a 36 per cent fall in exports caused by a damag ing combination of low yields at home and depressed prices

Traditionally the star in Israel's legendary "blooming desert" agricultural industry. the reality for the citrus sector in recent years has heen a story of declining export earnings as inputs such as water grew in price while growers failed to keep pace with demand for popular high-value "easy peeler" and sweeter vari-

This eeason, yields have been slashed by prolonged spells of cold weather during the hissoming late last winter. Production of shamouti oranges, the standard variety that with grapefruits makes up the majority of Israeli output, is down by around 30 per cent, according to growers.

At the same time, prices have slumped in European markets, the main destination for Israeli fruit. Mr Menashe Davidson, chief executive of the Mehadrin Group, Israel's higgest exporter, said the price of fresb fruit had fallen by some 15 per cent while the price for juice concentrate had tumbled by a third compared with last year to less than US\$1,000 a tonne.

island is the largest producer in the Windward group of the eastern Caribbean, and its earnings from exports last year were US\$68.tm, some \$10m more than 1991. Air Elijah Marqois, chairman of the St Lucia Banana Growers Association, said earnings would have been higher but for the devaluation of sterling. ture says the citrus industry

Initial reports showed fresh fruit exports up to the end of January, the height of the har-vest, totalled 8.2m boxes, compared with 12.9m at the same stage last year. Mr Davidson estimated Israell exports for the whole season would total 250,000 tonnes, compared with 320,000 last year. About 45 per cent of output goes for export as fresh fruit, 45 per cent goes as concentrate and the remainder to the local market.

Mr Davidson said Isracli products had been undercut by low-priced orange and grape fruit concentrates coming from Brazil and Florida, while sales of deciduous fruits such as apples had increased sharply in Europe, cutting into demand for fresh citrus products. He said Israell producers had also suffered from the weakening of the UK and Scandinavian currencies, two of their chief mar-

Over the past decade, the annual value of citrus exports to Israel has fallen from about \$250m to less than \$150m in some years. In the same period. Industrial exports (excluding diamonds) have grown tu

ahout \$8bn a year. But the ministry of agriculstill accounts for 10,000 jobs in thtal and needs the \$25m state aid to help it weather a temporary crisis. Officials acknowledge that

part of the problem is struc-tural. The proportion of citrus exports made up of highervalue, more water efficient modern varieties has grown rapidly in recent years to more than a third of the total, but progress has not been fast enough to hlunt competition from countries such as Morocco and Spain.

Some of this senson's difficulties are attributed to the squeeze imposed on less effi-clent growers by the liberalisation of export marketing last season, which removed the shelter of fixed prices for producers imposed by the old monopoly Citrus Marketing Board.

But Mr Davidson rejects hardline critics who argue that Israel should cut back hard on an industry that they say in effect exports subsidised water, which Israel cannot afford. What we have to do is be usure efficient and produce better products. We can do it," he

# No extra money to ease EC reforms

By David Gardner in Brussels

EUROPEAN Community's oew agriculture commissioner, Mr Rene Steichen, warned yesterday there would he no extra money to meet the wish-lists of European farm organisations in the wake of last year's reform of the Common Agricultural Pol-

Mr Steichen was presenting price proposals for the coming farming year, which were approved by the European Commission yesterday after barely 15 minutes of procedural discussion.

This unaccustomed speed was because the prices of the main commodities were predetermined by last year's reform of the CAP, which embodies heavy price cuts over the next three years, for which farmers currency is devalued, leading

By Ariene Genillard in Bonn

WEST GERMAN agriculturai

profits are set to decline by up

to 5 per cent this year despite a

modest recovery last year, the

German government said ves-

terday in its annual agricul-

Average agricultural profits

rose hy 4.3 per cent to

DM47,721 (£20,000) per agricul-

tural enterprise in the year

ending June 1992. The rise was

mainly a reflection of the

higher prices of items such as

plemeat and milk and partly

offset the 16 per cent plunge in

tural report.

will be compensated in direct to price rises of over 20 per income payments. Most products outside the reform will have their prices rolled over The CAP will cost some

Ecu35.1hn (£29m) this year, up over Ecus3bn, and Mr Steichen warned that "room for manoeuvre as far as additional demands are concerned is virtually non-existent".

He cited the cost of financing the reform, and a tighter farm spending ceiling because of lower-than-expected EC growth, as two reasons for fis-cal stringency. But he also implicitly hlamed EC farm ministers for overriding commission recommendations and retaining the costly "swit-

chover\* mechanism. This gives price increases to most farmers each time an EC

However, the agricultural

ministry expects this year's profits to fall by up to 5 per

cent again due to a general

decline of agricultural prices

The German Bauernverband,

the farmers' union, called the

forecast over-optimistle and

said farm revenues were likely

to decline hy hetween 5 and 10

per cent in 1993. Mr Gunther Bredehorn, agri-

cultural policy spokesman for

the government coalition Free

Democrats party, added that

West Germany's agricultural

and last year's drought.

cent in the past six years. After the last six months of currency turhulence, the commission estimates that "switchover" will cost Ecusl.15bn this year and Ecus1.55bn in 1994.

Yesterday's message was particularly unwelcome in Paris. The French government, facing defeat in next month's general assembly elections, was hoping for additional concessions for its farmers to sugar the pill of the CAP reform, and the controversial cuts in subsidised exports the EC will have to make under tha Uruguay Round world trade liberalisation negotiations if these are concluded this year.

Copa, the EG big farm lohhy, denounced the price proposals "an additional hurden on European farmers".

further affected by the

government's plan to reduce

direct income subsidies to

According to the plan, farm subsidies should be reduced for

three years by DM360m a year, starting in 1993. The proposal is part of the Solidarity Pact

which is currently being

debated and aims to force gov-

ernment, industry and trade

unions into finding ways to

finance recovery in the eastern

available for the farm sector in

Output statistics are not yet

to get an extra 900,000 tonnes Germans expect earnings decline of up to 5% since unification. As far as farm jobs were concerned, the

number of full-time agricul-

tural workers dropped from

312,000 in 1991 to 174,000 last The number of agricultural enterprises in the east increased last year as large formely state-owned farms are being restructured, with over 18,000 agricultural enterprises now registered there. Of these, 41.6 per cent consists of farms between one and 10 hectares. In the West, the number of agricultural enterprises continued to decline, dropping in 1992 by 2.8 per cent to 582,000.

#### the former East Germany, which has virtually collapsed revenues were also likely to be North Sea storms halve Norwegian crude oil output

part of the country.

By Karen Fossii in Oslo

NORWEGIAN North Sea crude oil production was cut hy half yesterday as raging storms forced the closure of the Statfjord and Snorre fields, and sharply cut output from the Gullfaks field, said Statoil, the

Norwegian state oil company.

Norway normally produces a daily average of 23m barrels of daily average of 25m barrels vesterday.

Statfjord also stores oil from production until at least Friday, when crude oil tankers forward trading range on its gas oil contract – widely used by airlines to hedge jet fuel within the industry, hut are convinced they should move the extension of the forward trading range on its gas oil contract – widely used by airlines to hedge jet fuel within the industry, hut are convinced they should move the extension of the forward trading range on its gas oil contract – widely used by airlines to hedge jet fuel within the industry, hut are convinced they should move loading oil from huoys at Stat-

fjord and from Gullfaks as stor-

age capacity had reached its limits at the two fields.

output of 491,000 barrels.

A Statoil spokesman said the weather forecast did not bode well for the resumption of full

storms had created the worst conditions in 20 years for offshore crude oil loading hy

um, 99.7% purity (\$ per tonne)

LONDON METAL EXCHANGE

Cash 1189,5-90.5 1192-3 3 months 1211-1.5 1214-5

# keting regime. ened hy this week's cahinet **WORLD COMMODITIES PRICES**

(Prices supplied by Amalgamated Metal Trading)

High/Low AM Official Kerb close Open Interest

# Knives out for UK potato scheme

By Alison Smith and Devid

GOVERNMENT MINISTERS are determined to sweep away the UK's present potato marketing scheme, despite this week's setbacks to the necessary legislation.

The reverse came when a cross-party ailiance of peers twice voted against the government's advice in the Lords on Tuesday night, backing first a move to protect the scheme ahead of an impending European Community declaration and then an amendment requiring a poll of registered producers hefore the Potato Marketing Board could apply

swiftly to end the current mar-

Their resolve has been hard-

deregulation seminar, chaired hy prime minister Juhn Major. which ending the present scheme was among the Ministry of Agriculture, Fisheries and Food's main contri-

This week's developments come tan weeks after the PMB's future was called into question by the emergence of proposals for a lightweight Ecu1.5m (£1.2m) EG potato regime aimed at harmonising the different mechanisms applied in member states in the run up to the Single European Market.

Though final decisions on how to deal with the issues on which the government was defeated have not yet been reached, the priority for minisfor approval of a successor

> tion on the timing of the end of the regime, which is dependent

HEATING OIL 42,000 US galls, conts/US galls

on EG decisions. The government's commitment to changing the scheme, which it holds responsible for rising imports of processed potato products, has been underlined by Mr David Curry, the agriculture minister, in the face of concerted cross-party opposition from MPs with potato-growing constituents.

It would be sacrificing the interests of UK putato farmers "If we agreed a scheme in which everyone in the Community could plant what they wanted. . . hut the United Kingdom alone was pegged back by acreage quotas," Mr Curry argued.

But Mr Bill Walker, Tory MP for Tayside North where 46 per cent of the Scottish potato crop is grown, has warned that if the present scheme were scrapped, "the probability is that. . . farmers will be forced into cereals".

Low prices have led to substantial PMB Intervention in the market this year, increasing the strength of many farmers' allegiance to the existing regime.

#### MARKET REPORT

GOLO came under pressure on the London hullion merket, slipping helow \$329 a troy ounce In thin treding. Support was expected eround \$328 - "hut if there's no recovery from here then it might put itself under pressure," aaid one dealer. A hreak through \$328 could take the price down to eround \$325. London COCOA finished near the day'e lows, but held ehove support at £723 for May. Losses wera largely driven by hearish sentiment on cherts, particularly in New York, although London wae underpinned by continued sterling weakness. London's

#### **London Markets**

Crude of tpe- barrel FOBjill	Mar)	+ or
Oubai	S15 85-5.90	F.075
Sront Siend (dated) *	S18.42-8.44	+ 0.0
Brent Blond (Mar)	\$16 33-8.35	+ 0.00
W.T.I (1 pm est)	\$20.03-0.05	+ 06
Oil products		
(NWE prumpt delivery per I	lanne CIF	+ or
Premium Gasoline	6193-194	
Gas Oil	S169-170	-1
Hoavy Fusi Oil	\$89-71	-1
Naphtha	5179-181	-0.5
Petroleum Argus Estimates		
Other		+ or
Gold (per troy oz)-	\$328 30	-1,85
Silver iper boy ozj	368.0c	-0.5
Platinum (per tray az)	\$361.0	+ 2.6
Palladium (per troy oz)	S112.6	+2.1
Copper (US Producer)	104 úc	
Load (US Producer)	33.5c	
Tin (Kuala Lumpur market)		-0.17
fin (New York)	267 Sc	+25
Zinc (US Prime Western)	62.0c	
Cattle (live weight)	120.49p	+2.6
Shoep live weightith	93.9 <del>6</del> p	+ 0.5
Pigs (live weight)t	61.61p	- I 19°
London delly sugar (raw)	\$204.5	-62
London daily sugar (white)		-1.4
Talo and Lyle export price	C252 O	-1.0
Barley  English leed	£136 0	
Maizu IUS No. 3 yellowi	£165.0	
Wheat (US Dark Northern)	Unq	
Rubber (Mer)♥	99.75p	+ 1.Q0
Rubbor  Apri	70 00p	+ 100
Rubber (KL RSS No 1 Feb)		-05
Commut oil (Philippings))	\$445 Oy	-5.0
Paim Oil (Malaysian)§ Copra (Philippinas)§	\$420.0w \$265 0	+26
Soyabeans (US)	5285 U £184.0u	+30
Cotton 'A' index	59.00c	+ 0.4
Wooltops (64s Suppri	400p	
E a lanna unless otherwise c-conts/lb. r-ringgil/kg. y-	<del></del>	

rohusta COFFEE lergely recouped eerlier losses by the close, boosted by a resumption of this week's upward trend in New York. The merket mood had become much more constructive in the lest few devs. dealers said. COPPER continued to encounter difficulty in making upside headway on the LME. But e eteedy undertone emaneted from escalating violence in Zaire and the Mexican copper refinery strike,

#### **Compiled from Reuters**

SHOAR - London BOX

Raw Mar	Class		
		Previous	High/Low
	182.00	161.00	180.00 179.00
May	190.00	169.00	188.00
White	Close	Provious	High/Low
Mar	252.00	250.00	252.00 250.00
May	254.20	252.00	254.20 252.10
Aug	257.50		257.00 256.60
Oct	242.80	241.50	241.00
Mar	243.30		243.00 243.00
May	248.30		246.50
			of 50 tonnos.
White	1205 (1626	Paris- Wh	ite (FFr per to
Mar 14	47.21 May	1462.62	
CRUD	E OffL II	PE	\$/1:
	Late	st Previo	us High/Low
			16.38 18.17
Mer	18.30	16.25	10.30 10,17
	18.30 18.30		
Apr		15.28	18.40 18.19
Apr May Jun	18.30 18.34 18.43	18.28 18.33	18.40 18.19 18.41 16.25
Apr May Jun IPE Ind	18.30 18.34 18.43	18.28 18.33 18.39 16.85	18.40 18.19 18.41 16.25 18.44 18.30
Apr May Jun IPE Ind	18.30 16.34 18.43 lex 18.36	18.28 18.33 18.39 16.85	18.40 18.19 18.41 16.25
Apr May Jun IPE Ind	18.30 16.34 18.42 lex 18.36 er 25537 (	18.28 18.33 18.39 16.85	18.40 18.19 18.41 16.26 18.44 18.30
Apr May Jun IPE Ind Turnov	18.30 16.34 18.42 lox 18.36 or 25537 (	15.28 18.33 18.39 16.85 36026)	18.40 18.15 18.41 16.25 18.44 18.30
Apr May Jun IPE Ind Turnov	18.30 16.34 18.42 lex 18.36 er 29537 ( EL - IPE Close	18.28 18.33 18.39 16.65 36026)	18.40 18.15 18.41 16.25 18.44 15.30
Apr May An PE Ind Turnov Mar Apr	18.30 16.54 18.42 lex 18.36 or 25537 ( EL - IPE Close 166.75 188.50 188.25	18.28 18.39 18.39 16.65 36026) Previous 167.25 168.25 168.75	18.40 18.15 18.41 18.25 18.44 15.30 \$7 High/Low 197.75 195.76 189.25 167.70
Apr May Jun IPE Ind Turnov GAS Q Mer Apr May	18.30 16.34 18.42 lex 18.36 or 25537 ( Close 168.75 168.50 168.50 168.60	18.28 18.33 18.39 16.85 36026) Previous 167.25 168.25 198.75 169.00	18.40 18.15 18.41 16.25 18.44 15.30 \$A High/Low 197.75 195.75 169.25 167.00 169.25 167.00
Apr May An IPE Ind Turnov Mar Apr May Jun	18.30 18.34 18.45 18.45 er 25537 ( 6L - CPE Close 168.75 188.50 180.25 168.75	Previous  Previous  167.25 168.75 168.75 169.75	18.40 18.15 18.41 16.25 18.44 18.30 18.75 196.75 189.25 197.75 169.20 188.50 169.75 18.50
Apr May Jun PE Ind Turnov Apr Apr May Jun Jun	18.30 16.34 18.45 18.45 er 25537 ( 6L - tPE Close 166.75 169.50 169.25 169.60 168.75 170.50	Previous 167.25 168.25 168.25 168.25 168.75 169.00 171.00	18.40 18.15 18.41 16.25 18.44 18.30 18.44 18.30 18.45 18.75 189.25 167.00 169.25 167.00 169.25 167.00 169.25 167.75 169.90 168.50 169.75 168.75
Apr May Jun IPE Ind Turnov CARS Q Mer Apr Mer Apr Jun Aug	18.30 16.54 18.35 18.35 18.35 18.35 18.35 18.55 18.55 18.55 170.50 173.00	Previous  Previous  167.25 168.75 168.75 169.75	18.40 18.15 18.44 15.30 18.44 15.30 187.75 196.75 189.25 167.00 169.25 167.00 169.00 168.50 169.00 170.25 172.00 170.25
	18.30 16.34 18.45 18.45 er 25537 ( 6L - tPE Close 166.75 169.50 169.25 169.60 168.75 170.50	Previous 167.25 168.25 168.25 168.25 168.75 169.00 171.00	18.40 18.15 18.41 16.25 18.44 18.30 18.44 18.30 18.45 18.75 189.25 167.00 169.25 167.00 169.25 167.00 169.25 167.75 169.90 168.50 169.75 168.75

#### COCOA - Loadon FOX Close Previous High/Low 727 713 738 723 750 735 714 726 739 751 771 782 807 822 837 867 726 737 750 762 762 803 S18 832 847 872 813 611 827 827 843 835 865 Turnover: 7878 (4867) lots of 10 tonnes ICCO Indicator prices (SORs per tonne). Dally price for Feb 2 723.09 (726.89) 10 day average for Feb 1 744.54 (749.86)

Mar	946	948	945 919	
May	944	945	943 920	
Jul	929	935	932 910	
Sep	936	936	935 920	
Nov	946	940	936 930	
Jen	960	960	945	
ICO In	dicator po Comp. da	1435) lots of rices (US c illy 58.12 (55	ents per po	ound) f averaç
Feb 2: 58.90 (	dicator po Comp. da (57.11)	rices (US c	ents per po 5.88) 15 day	averaç
Feb 2: 58.90 (	dicator po Comp. da (57.11)	rices (US c illy 58.12 (Sc omden PO)	ents per po 5.88) 15 day	everaç
Feb 2: 58.90 (	dicator po Comp. da (57.11)	rices (US c illy 58.12 (Sc omden PO)	ents per po 5.86) 15 day	averaç

SOYAL	CEAL -	London FO	X	<b>⊈tonn</b>
	Close	Previous	High/Low	
Feb	184.00		164.00	
Turnov	er 100 (2	5) lots of 20	tonogs.	
FREECO	HT - Los	ndon FOX	\$10/lnc	iek poin
	Close	Previous	High/Low	
Feb	1280	1275	1250	
Mar	1295	1290	1295 1290	
Apr	1296	1287	1296 1295	
Jul	1186		1185 1160	
Oct	1336		1338 1335	
BFI	1274	1277		
Turnov	er 160 (30	7)		
OPAIN	E _ los	don FOX		Eltonn
Wheat	Close	Previous	High/Low	
Mar	143.68	142.35	144.00 143	25

ct 1/6./5	1/0.00 1/0.25	NOV	114.40	113.50	
Irmover 23611 (20018) lots o	100 tonnes	Bartey	Close	Previous	-
WOCL After miner fluctuations of cents mark for the AWC r	narket indicator	Mar May Sep Nov	138.00 138.95 110.25 113.40	137,00 138,00	
aince sales were resume there was a more definite of day. This took the indicate cents and established a m 1902-93 seezon, 488c/kg.	lacting on Tues- or down by 10 sw low for the	Turnove	er lats of	Wheet 366 (322), ots of 100 Tonne	<b>13</b> .
growers were hogylor, appr		PIGS -	London	FOX (C	à
the two centres. Starling	weakness has		Close	Previous	
obvious relevance to UK us wool and prices have been business, whether home tra poor enough to make over	advanced, but ide or export, is	Feb Mar May	106.0 106.5 107.0	106,0	
difficult to establish.		Turnow	r:5 (19) l	ots of 3,25	0 1

0 20 30	LME Closing & SPOT: 1,4340
es r pound) for day average	LONDON BUL (Prices supplie Gold (tray az)
£/tonne .ow 9.5	Close 3 Opening 3 Morning fix 3 Alternoon lix 3 Day's high 3 Day's tow 3
£/tonne	1 month 2 months 3 months
0/Index point ow 280 295 180 336	Spot 2 3 months 2 5 months 2 12 months 2
£flonne	Krugerrand Maple leaf New Sovereign
143.25 145.00 145.05 112.00 1114.00 cw 137.35 113.00 107 (100).	TRADED OPTS Aluminium 199 i Strike price S to 1200 1250 Copper [Grade 2200 2250 2300 Brent Crude
	1850 1900

opper, Gr	A ebs	£ per to	onne)					Total dell	y tumover	25,595 lote
ash	1546-7			.5-7.S	1575/156		1549-50			
months	1569-9		1559	-9.5	2241/223	1	1670.5-1	2233-7		401 lots
ead (£ per								Total da	lly turnove	5,384 lot
ash months	290.5-1 300.5-1		288.6		291.5 301.5/300	,	291.5-1.75 001.25-1.5	301.5-2	18.4	53 lots
lickel (5 pe					401.444	_			ily turnove	
ash	5770-8		5780	-5	5767	_	5765-75		.,	
months	5840-5		5645	-50	5910/553	0	5765-75 5845-60	5835-45	42.7	86 lots
( <b>5</b> per b	onne)							Total da	lly turnove	2, 129 lots
ash	5780-9 6840-6	0	57 10- 5770-	20	\$800/579	5	5795-800 5683-5			
months				_	\$870/580		2003-0	5830-6		2 lots
Inc, Speci		Grace	<del></del>				****	TOTAL CALIF	y turnover	17,396 100
months	1096-9 1117-8		1116	.5-8.5 -7	1008.25/1 1124.5/11	10	1097-7.5 1116-8.5	1124.5-5	69.1	21 lots
ME Closic	g 6/5 r									
POT: 1.434	·Ō		3 mon	ths: 1.42	36	S	months: I.	4158	9 mor	iths: 1.4108
					_					
ONDON I		IAM JY	UKET			N	ew \	ork		
Prices sup	plied b	y N M	Roths	child)		•	<b></b> .	<b></b>		
iold (tray	071					GO	LD 100 troy	oz.; \$/troy o		
-cara (BD)	S pr	tce		E equiva	lent	_	Close	Previous	High/Low	
lose	220	10-328.5				Feb	329.3 329.2	330.4	330.0	329.0
pening		40-329.E				Mar		330.3 330.6	0 330.2	329.1
forning flx			_	230.538		Jenn	330.7	331.6	331.3	330.5
iternoon i				229.832		Aug Oct Dec	332.1	333.2	332.6	332.1
ay's bigh		70-330.0				Oct	333.S 335.0	334.7 336.2	0 335.4	0 335.0
ay's low	328.	10-328.4	<b>40</b>					337.9	0	0
			_			Apr	338.5	339.7	338.7	338.7
000 j.do ii	lean Ç	old Len	galbu	Rates (V	e US\$)	PL	TRUM 00	troy oz. \$/tro	y oz.	
month	2	2.00	8 mos	nths	2.10		Close	Previous	High/Low	
months	2	2.05	12 ma	onths	2.20	Feb	359 1	0	359.S	359.S
months	2	.05				Apr	380.3	360.3	363.5	360.0
						Jül	357.3	357.3	380.0	357.0
Ever fix	p/tro	y az		US cts e	drina	Oct Jan	355.3 353.8	365.3 353.6	355.0	355.0
pot	256.0			367.40			788 5.000 t	roy oz; cents	Oray on	
months	269.6			370.15						
months	263.1			372.99		_	Close	Previous	High/Low	
2 months	269.5	55	•	379.75		Feb Mar		366.4 367.2	366.5 369.0	368.5 366.0
						May	368.7	369.7	371.5	368.5
OLD COL	MS					luL.	370.0	371.9	374.0	370.6
		_				Sep Dec		374.3 378.1	0	0
	S	orice		£ equive	alen1	Jan		379.1	380.0	377.5
rugemend	32	B.00-33	1.00	227.00-2	30.00	Mar	381.7	362.5	382.5	382.5
lapie leaf		5.05-340				May Jul	384.S 387.7	385.4 388.5	0	0
lew Sovere	elgm 78.	.00-81.0	10	54.00-57	.00				-	0
						rug		COPPER 25,0		CS/104
RADED O	PYTON	5					Close	Previous	High/Low	
Juaninium	99 7%		z/ls	P	uts	Feb	98.80 99.25	95.75 90.20	99.00 99.00	98.75 05 85
		_				Apr	99.60	99 50	99.70	99.55
trike price	5 tonn	a Mar	Jun	Mar	Jun	May	99.85 100.10	99.75 99.95	100.00	99.60
200		19	90	16	26	اسال نوال	100.10	100.20	0 100.45	0 100, 10
225 250		90 3	36 26	33 82	37 51	Aug	100.50 100.78	100.40	0	0
					<u></u>	Sep		100.58	100.00	100.76
opper (Gre	ide A)	Ç	a/ls	Α.	uts	CHIL		ghr) 42.000 (		arrol
200		51	84	20	45		Latost	Previous	High/Low	
250 300		25	59	44	72	Mar		20.00 20.03	20.08	19.80
WO.		10	39	79	102	Apr May	20.00	20.03	20.10 20.11	19.66 19.92
						Jun	20.12	20.10	20.14	20.02
rent Crude	,	Mar	Apr	Mar	Agr	Jul A	20 13 20,20	20.13	20.16	20.95
900		42	72		<u> </u>	Aug Sep	20.20 20.23	20.16 20.20	20.20 00.23	20.10 20.12
950		13	72 46	6 20	43	Öct	20.24	20.23	20.24	20.22
		-	70	29	66	Nov	20.20	20.23	20.24	20.10

			JUN	99,30	55.21	55.30	54.95
			Jut	55,40	55.36	55.50	55.00
2233-7	155	401 lots	Aug	56.90	55.96	56.10	55.90
Total da	lly turnows	r 5,384 lots	Sep	57.15	57.11	57.30	57.16
	-,		Oct	50.30		58.30	58.30
301.5-2			Nov	30.30	58.11		58.80
		453 lots		59.10	58.01	50.10	
Total de	lly turnove	r 9,066 lots	Dec	59,70	58.71	59.70	59.70
			COCC	A 10 tons	es;\$/tonne	1	
5835-45	42.7	786 lots					
Total da	lly turnous	r 2,129 lots		Clase	Previous	High/Lov	•
7000 000	ny ministr	7 2, 120 1010	Mar	800	914	903	BR3
			May	916	942	932	913
5830-6		22 lots	-14	945	968	966	941
Total dail	v turnover	17,396 lots	Sep	975	993	980	665
1124.5-5		21 lots	Dec	1009	1027	1016	1005
1127.370		21 1003	Mer	1040	1062	1047	1040
	_		May	1961	1083	1076	1062
158	9 mo	ntha: 1.4108	Jul	1061	1103	0	0
			Sep	1106	1130	1116	1102
			Dec	1150	1167	1143	1135
ork			~=	EE 300 03	FOOTher so	te ille	
<b></b>			CUPP	EE C- 3/	,500lbs: cer	HEVIDS	
oz.; \$/troy o	-			Close	Previous	High/Lov	,
Previous	High/Low	,	Mar	63.10	63.35	65.00	81.30
330.4	330.0	329.0	May	87.90	69.15	89.75	67.75
330.3	0	0	Jul	69,70	71.20	71.60	99.25
330.6	330.2	329.1	\$ep	71,50	72.70	<b>72.6</b> 0	71.50
331.6	331.3	330.5	Dec	74.60	76.25	76.00	73.90
333.2	332.6	332.1	Mar	77,60	77.60	0	0
334.7	0	0	May	79.85	00.00	0	0
336.2	335.4	335.0					
337.9 339.7	0 338.7	0 338.7	SUGA	K MOHIL	112,0	00 156; CBI	166/106
		330.r		Glose	Previous	High/Lov	
roy oz; \$/tro	y oz.						
Previous	High/Low		Mer	8.14	6.04	8.17	8.07
FIGAMOS	rugn/cot		May	8.50	S.40	6.53	6.45
0	359.S	359.S	Jul	6.97	8.58	8.70	8.51
360.3	363.5	360.0	Oct	8.52	6.46	8.57	8.00
357.3	380.0	357.0	Mar	8.59	S.55	8.63	6.50
365.3	355.0	355.0	Mev	8.85	6.69	8.69	6.65
365.3 353.8	355.0 0	355.0 0	May Jul	8.65	6.59 6.73	8.69	6 65 0
353.6	0		Jul	6.79	6.73	8.69 0	6 65 0
353.6 oy oz; cents	O Vtray oz.	0	Jul	6.79			
353.6	0	0	Jul	6.79 ON 50,000	6.73 cents/fba	0	0
353.8 oy oz; cents Previous	0 Vtray az. High/Low		COTTO	6.79 ON 50,000 Close	6.73 ; cents/fba Previous		0
353.8 oy oz; cents Previous 366.4	0 /tray oz. High/Low 366.5	368.5	Jul	6.79 ON 50,000	6.73 ; cents/fba Previous	0	0
353.8 oy oz; cents Previous	0 Vtray az. High/Low		Jul COTTO	6.79 ON 50,000 Close	6.73 ; cents/fbs Previous 69.75	0 High/Lov	0
353.8 oy oz; cents Previous 366.4 367.2 369.7 371.9	0 /tray oz. High/Low 366.5 369.0	368.5 368.0	GOTTO Mer May Jul	6.79 ON 50,000 Close 59.96	6.73 ; cents/fba Previous	High/Lov	59.42
353.8 oy oz; cents Previous 366.4 367.2 368.7 371.9 374.3	0 //tray cz. High/Low 366.5 369.0 371.5 374.0	360.5 368.0 368.5	Jul COTTO	5.79 CN 50,000 Close 59.98 60.88	8.73 ; cents/fba Previous 89.75 80.44	0 High/Lev 60.20 80.85	0 7 59.42 60.16
353.6 oy oz: cents Previous 366.4 367.2 369.7 371.9 374.3 370.1	0 //tray cz. High/Low 366.5 369.0 371.5 374.0	368.5 368.0 368.5 370.6	GOTTO Mer May Jul	5.79 CN 50,000 Close 59.28 60.69 61.60	8.73 ; cents/fba Previous 89.75 80.44 81.38 61.25	60.20 80.85 81.79	59.42 60.16 61.05
353.8 oy oz; cents Previous 366.4 367.2 368.7 371.9 374.3	0 /tray oz. High/Low 366.5 369.0 371.5 374.0 0 380.0	368.5 368.0 368.5 370.6	Mer May Jul Oct	59,28 60,60 61,50 60,43	8.73 ; cents/fba Previous 89.75 80.44 81.38 61.25 60.25	60.20 80.85 81.79 81.50	59.42 60.16 61.05 61.20
353.6 oy az; cents Previous 366.4 367.2 369.7 371.9 374.3 370.1 379.1 362.5	0 /tray oz. High/Low 386.5 369.0 371.5 0 380.0	368.5 368.5 368.5 370.6 0 377.5	Mer Mey Jul Oct Dec Mer	8.79 Close 59.98 60.89 61.80 61.50 60.43 81.25	59.75 60.44 61.38 60.25 60.25	60.20 80.85 61.79 81.50 60.50	59.42 60.16 61.05 61.20 80.00
353.6 oy oz; cents Previous 366.2 369.7 371.9 374.3 370.1 379.1 382.5 385.4	0 //tray oz. High/Low 368.5 369.0 371.5 374.0 0 380.0 0 382.5	368.5 368.0 388.5 370.6 0 377.5 0 382.5 0	Mer Mey Jul Oct Dec Mer Mey	6.79 Close 59.28 60.89 61.60 61.50 60.43 81.25 81.75	8.73 Previous 89.75 60.44 61.25 60.25 60.95 61 50	60.20 80.85 61.79 81.50 60.50 0	59.42 60.16 61.05 61.20 80.00
353.6 oy az; cents Previous 366.4 367.2 369.7 371.9 374.3 370.1 379.1 362.5	0 Virny oz. High/Low 386.5 369.0 371.5 374.0 0 380.0 0 382.5	368.5 366.0 368.5 370.6 0 377.5	Mer Mey Jul Oct Dec Mer Mey	6.79 Close 59.28 60.89 61.60 61.50 60.43 81.25 81.75	59.75 60.44 61.38 60.25 60.25	60.20 80.85 61.79 81.50 60.50 0	59.42 60.16 61.05 61.20 80.00
353.6 oy oz; cents Previous 366.4 367.2 368.7 374.2 374.2 379.1 382.5 385.4 388.5	0 /tray oz. High/Low 366.5 369.0 371.5 0 380.0 0 382.5 0	368.5 368.5 368.5 370.6 0 377.5 0 382.5 0	Mer Mey Jul Oct Dec Mer Mey	8.79 CN 50,000 Close 59.28 60.69 61.60 61.50 60.43 81.25 81.75 GE JUICE	8.73 Frevious 89.75 80.44 61.38 61.25 60.25 60.95 61.50 15.000 4be;	60.20 80.85 61.79 81.50 60.50 0	59.42 60.16 61.05 61.20 80.00 0
353.8 oy oz: cents Previous 366.4 367.2 368.7 371.9 374.3 370.1 379.1 382.5 385.4 386.5	0 /tray oz. High/Low 366.5 369.0 371.5 374.0 0 380.0 0 0 0 0 0 0 0 0 0 0 0 0	368.5 368.5 368.5 370.8 0 377.5 0 382.5 0 0	Mer May Jul Oct Dec Mar May	8.79 CN 50,000 Close 59.28 60.88 61.80 61.50 60.43 S1.25 S1.75 GE JUICE	5.73 ; cents/fbs Previous 89.75 90.44 61.38 61.25 60.25 60.95 61.50 15.000 4bs; Previous	60.20 80.85 61.79 81.50 60.50 0 conts/lbs	59.42 60.16 61.05 61.20 80.00 0
353.8 oy az; cents Previous 366.4 367.2 368.7 371.9 374.3 370.1 379.1 362.5 385.4 386.5 OPPER 25,0	0 /tray oz. High/Low 366.5 369.0 371.5 0 380.0 0 382.5 0	368.5 368.5 368.5 370.8 0 377.5 0 382.5 0 0	Mer Mey Jul Oct Dec Mer May	8.79 ON 50,000 Close 59.28 60.68 61.80 61.50 60.43 81.25 81.75 GE JARCE Glose 70.30	5.73 ; cents/fbs Previous 59.75 60.44 61.38 61.25 60.25 60.25 60.25 61.50 61.50 61.50 61.50 61.50 61.50 61.50 61.50	60.20 80.85 61.79 81.50 60.50 0 conts/lbs	59.42 60.16 61.05 61.20 80.00 0
353.8 oy az: cents Previous 366.4 367.2 369.7 374.3 370.1 370.1 362.5 385.4 368.5 OPPER 25.0 Previous	0 /tray oz. High/Low 368.5 369.0 371.5 374.0 0 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	350.5 360.5 360.0 360.5 370.6 0 377.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer May Jul Oct Dec Mar May ORAN	5.79 CN 50,000 Close 59.26 60.86 61.80 61.80 61.50 65.45 S1.25 S1.75 GE JURCE 79.30 73.66	5.73 ; conts/fbs Previous 59.75 80.44 61.25 60.25 60.25 60.95 61.50 15.000 lbs; Previous 69.00 72.70	0 High/Low 50.20 50.85 61.79 81.50 60.50 0 0 conts/lbs	59.42 60.16 61.05 61.20 80.00 0
353.8 oy az; cents Previous 366.4 367.2 368.7 371.9 374.3 379.1 362.5 385.4 368.5 OPPER 25,0 Previous 96.75	0 //tray az. High/Low 306.5 369.0 371.5 371.5 374.0 0 380.0 0 0 000 (bs; osc High/Low 99.00	368.5 368.5 368.5 370.8 0 377.5 0 382.5 0 0	Mer Mey Jul Oct Dec Mer Mey ORAN	5.79 ON 50,000 Close 59,28 60,68 61,50 61,50 60,43 S1,25 S1,75 GE JARCE 70,30 73,36 77,36	5.73 ; cents/fbs Previous 59.75 50.44 61.25 60.25 60.25 60.95 61.50 15.000 4bs; Previous 69.00 72.70 75.05	0 60.20 80.85 61.79 81.50 0 0 conta/lbs High/Lov 71.60 77.70	59.42 60.16 61.05 61.20 0 0 0 69.30 71.25 78.00
353.8 oy oz; cents Previous 366.7 369.7 371.9 369.7 379.1 362.5 385.4 386.5 OPPER 25,0 Previous 96.75 90.20 98.50 98.50	0 //tray 02. High/Low 356.5 359.0 371.5 374.0 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0	366.5 366.5 366.0 368.5 370.6 0 377.5 0 382.5 0 0 382.5 0 0	Mer Mer Mer Jul Oct Dec Mer May Jul Sep	5.79 ON 50,000 Close 59.98 60.89 61.80 61.80 61.85 51.25 S1.75 GE SUICE 79.30 73.96 77.30 80.90	8.73 ; conts/fbs Previous 89.75 80.44 81.38 61.25 60.25 81.50 15.000 lbs; Previous 69.00 72.70 75.05 77.00	0 60.20 80.85 81.79 81.50 0 0 conta/lbs #5gh/Lov 71.60 75.00 77.70	59.42 60.16 61.05 61.05 80.00 0 0 49.30 71.25 78.00
353.6 oy oz; cents Previous 366.4 367.2 369.7 371.9 374.3 370.1 362.5 369.7 379.1 362.5 GPPER 25,0	0 //tray oz. High/Low 369.5 371.5 374.0 0 380.0 0 0 0 0 0 0 0 0 0 0 0 0 0	358.5 398.0 398.5 370.6 0 377.5 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer May Jul Oct Mer May ORAN Mar May Jul Sep Nov	8.79 ON 50,000 Close 59.98 60.88 61.50 60.43 51.25 Giose 79.30 70.73 96 77.50 80 92.75	8.73 conts/fbs Previous 89.76 80.45 81.38 61.25 60.25 60.95 81.50 15.000 lbs: Previous 69.00 72.70 75.05 77.05 80.35	0 High/Lov 60.20 80.85 81.79 60.50 0 conts/lbs 77.60 77.70 80.50 60.50 60.50 60.50 60.50 60.50	59.42 60.16 61.05 61.05 61.20 0 0 0 71.25 78.90 70.80 70.80
353.8 oy oz; cents Previous 366.4 367.2 368.7 371.9 374.3 379.1 382.5 388.5 OPPER 25,0 Previous 95.75 90.20 98.75 90.20 98.75 90.20 98.75 90.20 98.75 90.20 98.75 90.20 98.75 90.20 98.75 90.20 98.75 90.20 98.75 90.20 98.75	0 //tray oz. High/Low 368.5 369.0 371.5 374.0 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0	366.5 366.5 366.5 366.5 370.6 0 377.5 0 382.5 0 0 0 05.05 99.75 95.95 99.95	Mer May Jul Oct Dec Mar May ORAN	8.79 ON 50,000 Close 59.98 60.89 61.80 61.50 60.43 51.75 GE JURGE 70.30 70.96 77.50 80.00 60.05	8.73 conts/fbs Previous 89.76 80.46 81.38 61.25 60.25 60.95 61.50 15.000 lbs; Previous 69.00 72.70 72.70 72.70 80.35 80.35	0 60.20 50.85 61.79 81.50 60.50 0 conts/lbs Fágh/Los 71.60 75.00 77.70 80.50 83.50	59.42 60.16 61.05 61.20 80.00 0 0 69.30 73.25 78.90 70.50 82.50 84.50
353.5 oy oz; cents Previous 366.4 367.2 369.7 371.9 374.1 379.1 362.5 OPPER 25,0 OPPER 25,0 99.5	0 //tray oz. High/Low 350.5 350.5 350.5 374.0 0 382.5 0 0 000 (bs; osc High/Low 99.00 99.00 99.00 100.00 0 100.00 1	358.5 398.5 370.6 0 388.5 377.5 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer Mey Jul Oct Dec Mer Mey Jul Sep Nov Jan Mer	8.79 ON 50,000 Close 59,98 60,88 61,50 60,43 51,25 51,75 GE JURCE 70,30 73,96 77,30 80,00 82,75 66,00	8.73 ; cents/fbe Previous 89.76 80.44 81.38 61.25 60.25 80.95 81.50 15.000 lbs; Previous 69.00 72.70 75.05 80.35 83.35 80.35	0 60.20 80.85 81.79 81.50 60.50 0 conta/bs F4gh/Lov 77.75.00 77.75.00 83.50 83.50	59.42 60.16 61.05 61.20 80.00 0 0 73.25 75.00 70.50 82.50 84.50 67.00
353.8 oy oz; cents Previous 366.4 367.2 368.7 371.9 374.2 370.1 382.5 OPPER 25,0 Previous 96.75 90.20 98.75 100.20 98.55 1	0 //tray oz. High/Low 369.5 369.5 374.0 0 380.0 0 382.5 0 0 0 000 (bs; osc High/Low 99.00 99.00 99.00 100.00 0	368.5 368.5 368.5 370.6 0 377.5 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer Mey Jul Oct Dec Mey GRAN Mey Jul Sep Nov Jan Mer Mey	8.79 ON 50,000 Close 59.28 60.89 61.80 61.50 61.50 51.25 S1.75 GE JUNCE 70.30 73.06 62.75 66.05 67.00 68.10	8.73 conts/fbs Previous 89.76 80.44 81.25 60.25 60.25 60.95 81.50 15.000 lbs; Previous 69.00 72.70 75.05 77.00 80.35 80.35 80.35 80.35 80.35 80.35	0 Hngh/Lov 80.20 80.85 81.79 81.50 0 0 0 conts/lbs High/Lov 71.60 75.00 80.50 80.50 80.50 80.50 0 0	59.42 60.16 61.05 61.20 80.00 0 0 69.30 71.25 78.00 70.50 84.50 67.00 0
353.8 oy oz; cents Previous 366.4 367.2 368.7 371.3 379.1 379.1 382.5 4 388.5 90.20 98.75 90.20 98.75 100.40 100.58	0 //tray oz. High/Low 356.5 369.0 371.5 374.0 0 380.0 0 0 000 (bs; osc High/Low 99.00 99.00 99.00 100.00 0 100.45 0	98.75 98.55 98.55 0 377.5 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer Mey Jul Oct Dec Mer Mey Jul Sep Nov Jan Mer	8.79 ON 50,000 Close 59,98 60,88 61,50 60,43 51,25 51,75 GE JURCE 70,30 73,96 77,30 80,00 82,75 66,00	8.73 ; cents/fbe Previous 89.76 80.44 81.38 61.25 60.25 80.95 81.50 15.000 lbs; Previous 69.00 72.70 75.05 80.35 83.35 80.35	0 60.20 80.85 81.79 81.50 60.50 0 conta/bs F4gh/Lov 77.75.00 77.75.00 83.50 83.50	59.42 60.16 61.05 61.20 80.00 0 0 73.25 75.00 70.50 82.50 84.50 67.00
353.8 oy oz; cents Previous 366.4 367.2 368.7 371.9 374.2 370.1 382.5 OPPER 25,0 Previous 96.75 90.20 98.75 100.20 98.55 1	0 //tray oz. High/Low 356.5 369.0 371.5 374.0 0 380.0 0 0 000 (bs; osc High/Low 99.00 99.00 99.00 100.00 0 100.45 0	98.75 98.55 98.55 0 377.5 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer Mey Jul Oct Dec Mer May ORAN Mer May Jul Sep Nov Jen Mer Mey Jul	8.79 ON 50,000 Close 59,26 60,58 61,50 61,50 60,48 S1,25 S1,75 G6,34RCE Close 70,30 73,96 77,36 67,73 68,10 88,10 88,10	8.73 conts/fbs Previous 89.76 80.44 81.25 60.25 60.25 60.95 81.50 15.000 lbs; Previous 69.00 72.70 75.05 77.00 80.35 80.35 80.35 80.35 80.35 80.35	0 Hngh/Lov 80.20 80.85 81.79 81.50 0 0 0 conts/lbs High/Lov 71.60 75.00 80.50 80.50 80.50 80.50 0 0	59.42 60.16 61.05 61.20 80.00 0 0 69.30 71.25 78.00 70.50 84.50 67.00 0
353.8 oy oz; cents Previous 366.7 367.2 368.7 371.3 379.1 379.1 382.5 4 388.5 90.20 Previous 98.75 90.20 99.75 100.40 100.58 http://dx.doi.org/10.40 100.58 http://dx.doi.org/10.40 100.58	0 //tray cz.  High/Low 350.5 369.0 371.5 374.0 0 380.0 0 0 00(bs; osc High/Low 99.00 99.00 99.00 100.45 0 100.00 15 galls \$fi	98.75 98.55 98.55 0 377.5 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer Mey Jul Oct Dec Mer May ORAN Mer May Jul Sep Nov Jen Mer Mey Jul	8.79 ON 50,000 Close 59.28 60.89 61.80 61.50 61.50 51.25 S1.75 GE JUNCE 70.30 73.06 62.75 66.05 67.00 68.10	8.73 conts/fbs Previous 89.76 80.44 81.25 60.25 60.25 60.95 81.50 15.000 lbs; Previous 69.00 72.70 75.05 77.00 80.35 80.35 80.35 80.35 80.35 80.35	0 Hngh/Lov 80.20 80.85 81.79 81.50 0 0 0 conts/lbs High/Lov 71.60 75.00 80.50 80.50 80.50 80.50 0 0	69.42 60.16 61.05 61.05 61.20 80.00 0 0 69.30 71.25 78.00 70.50 82.50 64.50 67.00
353.5 oy oz; cents Previous 366.4 366.4 367.2 369.7 371.9 374.1 379.1 382.5 OPPER 25,0 Previous 98.75 90.20 99.50 100.20 100.50 100.50 phg 42.000 L Previous	0 //tray oz.  High/Low 350.5 350.5 350.5 371.5 371.5 374.0 0 382.5 0 0 000 /bs; osc High/Low 99.00 99.00 0 100.05 100.05 100.05 100.00 S galls \$7	98.75 99.75 99.75 90.76 90.77 90.77 90.77 90.77 90.77 90.77 90.77 90.77 90.77 90.77	Mer May ORAN Mer May ORAN Mer May Jul Sep Nov Jan Mer Mer Jul Sep Jul	8.79 ON 60,000 Close 59.26 60.69 61.60 61.50 60.43 61.55 S1.75 GE JARCE Close 79.30 60.77,50 80.00 62.75 66.05 67.00 68.10 88.10	8.73 conts/fbs Previous 89.76 80.44 81.38 61.25 60.25 60.95 81.50 15.000 lbs: Previous 69.00 72.70 75.05 77.05 80.35 83.35 83.35 83.85	0 High/Lov 50.20 80.85 61.79 81.50 60.50 0 conts/lbs High/Lov 71.60 50.50 60.50 80.50 80.50 80.50 80.50 90.00	59.42 60.16 61.05 61.20 80.00 0 0 62.30 73.25 78.90 70.50 84.50 67.00 0
353.8 oy oz; cents Previous 366.4 367.2 369.7 377.1 379.1 362.5 368.5 368.5 369.5 99.50 99	0 //tray cz. High/Low 388.5 369.0 371.5 374.0 0 380.0 0 0 000 (bs; osc Hwgh/Low 99.00 99.70 100.45 100.00 15 gells \$/f	368.5 368.5 368.0 388.5 370.6 0 377.5 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer May Jul Oct Dec Mar May ORAN Mer May Jul Sep Nov Jan Mer Mey Jul REE REE	8.79 ON 50,000 Close 59,98 60,98 61,80 61,80 61,80 61,80 61,80 61,80 61,80 60,43 81,25 81,75 665 SURCE Glose 70,30 73,96 67,75 68,00 68,10 68,10 68,10	8.73 conts/fbs Previous 89.76 80.44 81.25 60.25 60.25 60.95 81.50 15.000 lbs; Previous 69.00 72.70 75.05 77.00 80.35 80.35 80.35 80.35 80.35 80.35	0 High/Lov 50.20 80.85 61.79 81.50 60.50 0 conts/lbs High/Lov 71.60 50.50 60.50 80.50 80.50 80.50 80.50 90.00	59.42 60.16 61.05 61.20 80.00 0 0 62.30 73.25 78.90 70.50 84.50 67.00 0
353.8 oy oz; cents Previous 366.4 367.2 368.7 371.9 374.2 370.1 362.5 385.4 386.5 OPPER 25,0 Previous 96.75 99.50 99.70 100.40 100.58 httl 42,000 L Previous 20.00 20.00 20.00	0 //tray cz.  High/Low 396.5 369.0 371.5 374.0 0 380.0 0 0 382.5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	98.75 99.75 99.75 99.75 99.75 99.75 99.75 99.55 99.80 100.10 100.70	Mer May ORAN Mer May ORAN Mer May Jul Sep Nov Jan Mer Mer Jul Sep Jul	8.79 ON 50,000 Close 59,98 60,98 61,80 61,80 61,80 61,80 61,80 61,80 60,43 S1,25 S1,75 GGE JURCE Glose 77,366 77,366 77,366 67,75 80,00 62,75 66,00 68,10 68,10 68,10 68,10	8.73 conts/fbe Previous 99.76 80.44 81.38 61.25 60.95 81.50 15.000 tbs; Previous 62.70 72.70 75.05 80.35 60.00 80.35 80.85 80.85	0 High/Lov 60.20 50.85 81.79 81.50 60.50 0 0 0 conts/lbs 45gh/Lov 77.70 50.50 63.50 83.50 0 0 0	59.42 59.42 60.16 61.05 61.00 80.00 0 0 69.30 71.25 78.00 770.50 82.50 84.50 0 0
353.8 oy oz; cents Previous 366.4 367.2 369.7 371.9 374.2 370.1 385.4 386.5 OPPER 25,0 O	0 //tray cz.  High/Low 3569.5 3569.5 3569.5 374.5 374.0 0 382.5 0 0 000 /bs; osc High/Low 99.00 99.00 100.00 0 100.05 99.00 100.00 0 100.05 100.00 100.45 0 100.00 13 galls \$//the	98.75 98.75 98.75 0 0 377.5 0 0 0 0 0 0 0 0 0 0 0 0 0	Mer May Jul Oct Dec Mar May ORAN Mer May Jul Sep Nov Jan Mer Mey Jul REE REE	8.79 ON 50,000 Close 59,98 60,98 61,80 61,80 61,80 61,80 61,80 61,80 61,80 60,43 81,25 81,75 665 SURCE Glose 70,30 73,96 67,75 68,00 68,10 68,10 68,10	8.73 conts/fbs Previous 89.76 80.44 81.38 61.25 60.25 60.95 81.50 15.000 lbs: Previous 69.00 72.70 75.05 77.05 80.35 83.35 83.35 83.85	0 High/Lov 50.20 80.85 61.79 81.50 60.50 0 conts/lbs High/Lov 71.60 50.50 60.50 80.50 80.50 80.50 80.50 90.00	59.42 59.42 60.16 61.05 61.00 80.00 0 0 69.30 71.25 78.00 770.50 82.50 84.50 0 0
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SOYABEANS 5,000 bu min, dents/80lb bushel							
	Close	Previous	High/Low				
Mar	574/4	572/0	575/0	570/			
May	577/4	S75/2	578/0	5744			
Jul	582/2	579/4	583.0	578/			
Aug	583/4	580/6 581/2	584/4	580/			
Nov	590/8	007/4	591/2	586/			
Jan	597/4	594/4	597/4	594/			
SOYA	DEAN OIL	60,000 lbs; c	ents/Ib				
	Close	Previous	High/Low				
Mar	20.70	20 92	20.95	20.71			
May Jul	21.01 21 <i>.2</i> 0	21.12 21.32	21.18	20.97			
Aug	21.26	21.35	21.38 21.45	21.10			
Sep	21.29	21,40	0	0			
Oct	21.32	21.42	21.48	21 3			
Dec	21.48	21.55	21.50	21,40			
Jan	21.50	21.55	0	0			
SOYA	BEAN ME	NL 100 tons:	\$/ton				
	Close	Previous	High/Low				
Mar	180.6	179.2	180.6	178.8			
May Jul	181.3 182.6	179.9 161.5	181.4 183.0	179.5 161.0			
Aug	183.7	182,3	183.6	182.2			
Sop	184 5	183.2	184.7	183.3			
Oct	185.6	184.5	185 S	164.3			
Dec Jan	167.7 188.2	186.4 188.S	167 7	186.0			
			0				
MAIZE		min; cents/5					
	Close	Previous	High/Low				
Mar	213/0	212/6	213/4	212/0			
May Jul	221/0 228/4	220/6 228/2	221/2	220/0			
Sep	234/6	234/8	005/0	233/6			
Dec	241/0	241/4	241/2	2400			
WHEA		min; conts/					
Mar	375/2	Provious 373/2	High/Low 375/4	369/6			
May	346/4	345/4	348/4	341/4			
Jul	324/0	324/0	324/4	320/4			
Sop Dec	328/0 335/4	327/4 334/2	328/0 335/4	324/0			
		.000 lbs; cen		العري			
	Closa	Provious	High/Low				
Feb	79.075	79 425	60 200	79.20			
Apr	78.400	78.125	78 650	77.70			
Jun Aug	73.275 71.050	72 850 70 675	73 425 71 100	72 65 70 45			
Oct	72,100	71 650	71.100 72.200	71,65			
Dec	72.600	72.300	72 100	72 25			
UVE H	OG5 40,00	00 lb. conts/l	bs				
	Cluse	Provious	High/Low				
Føb Apr	43.600 43.475	43.625 43.450	43 850 43,775	43,40 43,10			
Jun	48.350	48.200	48.550	47.02			
Jul .	47.625	47 625	47.775	47.35			
Aug Oct	46.325 41 275	45,450 41 425	45,600 41 450	45.00 41.20			
Dec	42 400	42.000	42,700	42,40			
PÓRK	BÉITIGS (	40,000 Ybs; cs	onto/lb				
	Close	Provious	High/Low				
٠							
feb	35.025 35.625	34.725 35.475	35 650 36 300	34,60			
Feb Mar May	35.025 35.625 36.825	34.725 35 475 36 775	35 650 36,200 37 300	34.60 35.29 36.50			

Aug 36.225 36.300

38 550

THE UK SERIES

FT-A ALL-SHARE

1396.35 + 17.39

P/E

# Revived rate hopes bring new peaks

By Terry Byland, UK Stock Market Editor

TURMOIL in European currencies provided the driving forces behind a powerful advance to new highs in the UK equity market yesterday. Share prices extended their gains in the second half of the session when rumours circulated that the Bundesbank might succumb to pressures from other ERM counties and cut rates by a full point this morning. A cut in German rates would open the way for further reductions in UK base

rates, analysts believe.
The FT-SE Index gained 39.4, breaking through previous intra-day and closing peaks for a final reading of 2,873.8. Heavy votume across the full range of equities also took the FT-SE Mid 250 Index to a new high of 3,023.6, up 28.3 on the day. London was encouraged at the close by widespread gains on Wall Street as it began its new trading session. The fall in sterling to new lows against the mark, French franc and the yen, quickly drove shares in Britain's lead-

ing export groups ahead. Sterling was also perceived to be signalling expectations of another cut in UK base rates. the stock market electing to discard the rejection of such plans issued by Downing Street at the beginning of the week.

The combination of a further

effective devaluation of sterling with more interest rate reductions proved to be a strong stimulant for equities. The advance was checked briefly following news of an annualised increase of 4.1 per cent in M-0 domestic money supply last month, but found renewed strength later as attention turned to the ERM currency pressures.

high, but the Seaq total of 851m shares compared with 854.7m in the previous session. However, with the attention swinging back to the blue chip export led international stocks. the proportion of non-Footsie shares traded fell to 56 per cent yesterday from around 63 per cent earlier this week. Retail business remained high on Tuesday, returning a value total of £1.5bn.

Yesterday's upswing in the stock market was led by strong gains in interest-related stocks. with property shares again extending the recovery prompted by the renewed opti-mism on base rates. Banks, where loan books would benefit if doubtful debtors are helped by lower interest rates, also strengthened and insurances also stood ont. Market strategists sounded

Trading volume remained TRADING VOLUME IN MAJOR STOCKS 

almost helpless in the face of the market's renewed strength hut agreed that the FT-SE could easily challenge 2,900 very soon - unless the mood changes. Fears that depressed sterling may soon show through in the form of higher prices for imported goods were The stock market is now

trading on a multiple of around 18 times existing earnings. But Mr Roger Palmer of Kleinwort Benson Securities pointed to higher earning expectations for 1994 which would bring ratings down to around 12.8. "London still looks the most attractive of all the major markets," he

The excitement generated during the second half of the session brought spectacular gains among the financial stocks. Dealers were cautious regarding some of the more speculative reasons put for-ward for gains in the sector.

Oil sbares rounded off a strong session with further gains on the back of the strong

Account	t Dealing	Detec
'First Dealings: Jan 18	Feb 1	Feb 15
Option Declarate Jan 28	Feb 11	Feb 25
est Dealings: Jan 29	Feb 12	Feb 28
Account Day:	Feb 22	Vier 8

#### Bid talk lifts TSB to record

ANOTHER wave of takeover speculation drove TSB shares to a record high yesterday as dealers reported exceptionally heavy turnover in both the stockmarket and the options market, where it was the fourth heaviest traded stock.

At the close, TSB shares were 7 higher at 177p with turnover of 15m among the highest daily totals recorded in the stock since Its October 1986 market debut.

Yesterday's market rumours suggested a number of potential predators for the bank. Lloyds, always mentioned as a potential bidder when takeover stories develop in the bank sector, was seen as a possible bid-der, as was Credit Lyonnais, the French bank and Germany's Commerzbank. Bayerische Vereinsbank was also

While not dismissing takeover possibilities, many bank specialists viewed the stories with suspicion. "TSB is a recovery stock but the short term outlook remains poor," said one. Another suspected

**NEW HIGHS AND LOWS FOR 1992/93** 

NEW HIGHES (285).
SHITISH FUNDS (171) Ex 3pp Gas '90-85.
Ex 10<sup>1</sup>s pc '95, 7r 14pc '96, Ex 13<sup>1</sup>s pc '96.
Civ 10pc '90, 7r 13<sup>1</sup>s pc '96, Ex 13<sup>1</sup>s pc '96.
Civ 10pc '90, 7r 13<sup>1</sup>s pc '97, Ex 10<sup>1</sup>s pc '97,
Tr 7s pc '92, Americans' (39 Canadams).
Ci Amer. Berrick, Nic Augr. Des Ge, 6r 3 spc '89-87,
Ci Amer. Berrick, Nic Augr. Berclays, HSBC,
Astabil, Sk. Scot. Pi pc Pr., Berclays, HSBC,
Mittability, Nacl. Augr. '1 No. Med. Commission,
TSB, BREVERS (3) Holl, Kirin, Veux, BLDQ
MATLS (3) BPS., Lifectivel Sp Pr., Wotseley,
BUSNESS SCHYS (4) Johnson Closusers,
Salvesen, Time Preds., Wills, CHESSS (4)
BAST, Bayer, Dossies, Engelland, Croster,
Salvesen, Time Preds., Wills, CHESSS (4)
BAST, Bayer, Dossies, Engelland, Croster,
Consignomental Hospital, Chessies (4)
BAST, Bayer, Dossies, Engelland, Scotter,
Consignomental Hospital, Chessies,
Consignomental Construction, Construction,
Consignomental Construction, Construction,
Consignomental Construction, Construction,
Control of Construction, Construction, Chessology, Chessel
Nocholson Signo Pl., BLECTROCALS (6)
Cryp. Diplome, Dominion, Executocomps.,
CEC, Hewisel-Packard, Milit, Misys,
Multione, Slameter, Endpole Tech , EwG
AERO (2) Br. Aerospose 7 lipe Pl., PR,
Hunning, Elvid Gell (6) Falvey, Halms., LockerPlasmec, Powerscreen, SEP, Slabe,
Spiral-Serso, Seeling, POOD MARUF (2)
Acatos & Huscheson, Hotel (3) Ausoc Nursing,
Telarra, HOTELS 4 LEIS (1) Verdon, Militor,
Plasmen, Powerscreen, SEP, Slabe,
Spiral-Serso, Seeling, POOD MARUF (2)
Acatos & Huscheson, Hotel (3) Augr.
Heal, Tit & Hotel (4) Augr.
Heal, Tit & Hote

that much of the recent interest represented little more than income funds buying for the dividend; the stock goes ex the 3.25p dividend on February

ICI adrift

US drug pricing worries and technical factors combined to depress ICI shares, which were also hit by an element of profittaking following a rise of more than 100p since Christmas. They closed a net 16 off at

Initially analysts said US investment hank Goldman Sachs was trying to sell 4m ICI shares as part of a big programme trade. Goldman was unavailable for comment.

Later, there was a reaction to reports that a US congressio-nal hearing was expected to list ICI as one of seven drug companies that have broken public promises to hold price increases below the rate of inflation in 1992. However. ICI's US pharmaceuticals unit said yesterday that it would limit 1993 price increases on all

of 4 per cent. Some UK sector specialists were surprised at the strong performance of Glaxo in the light of the US worries. However, the recent shift in currency had left the New York equivalent of the shares worth about 635p on Tuesday night and the relative cheapness prompted very heavy US buying. Glaxo rose 10 to 665p with heavy turnover of 10m shares.

Hanson sought

Conglomerate Hanson moved forward 5% to 262%p on exceptionally heavy volume of 14m shares, with one international equities dealer arguing that the stock had broken through a barrier and would now have a clear run to 270p. US analysts like the company for its yield and some UK houses, including Natwest Securities, prefer the group to rival BTR. Many believe that the diminishing attractions of a large cash pile at a time of low interest rates makes it very likely that Hanson will do something with its famed £8bn "war chest" within the next month or so.

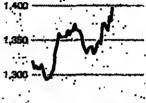
BTR, which is viewed as a prime rights issue candidate. was marked up sharply at the close as a sizeable buyer entered the market. The shares ended the day 14 higher at

Retail tax worry

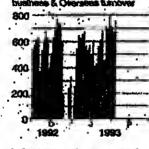
Press comment on the possibility of VAT being levied on foodstuffs in the UK kept food retailers under a cloud. While many analysts believe the move to be too politically sensitive, and also the worst alternative to taxing such items as books and children's clothes, the possibility has not been entirely dismissed – as yester-day's underperformances showed. Among the fallers, Argyll Gronp lost 5 to 383p, J Sainshury 4 tn 578p and Tesco 4 to 257p.

Food manufacturers fared lit-

FT-A All-Share Index



1992 1993 **Equity Shares Traded** Turnover by volume (million)



tle better as a heavy tome from Nomura advised investors to go underweight in the sector in the wake of imminent margin pressure. Only Unilever escaped the house's negative stance, the shares advancing 17 to 1148p. Bucking the trend were Booker which lifted 12 to 433p as Kleinwort Benson reaffirmed its positive stance, Tate and Lyle, up 8 to 414p as UBS Phillips and Drew said buy and Unigate, ahead 9 at 325p on

speculative buying. Bank shares continued their recent outstanding performance, with the FT Actuaries banks sector up 2.9 per cent compared with the Footsie 100's 1.4 per cent gain. The prospect of further cuts in interest rates, recovery in the UK economy and an end to free banking were said to have driven the sector higher, although some analysts warned that prices had run too far too fast. There is a genuine worry that once the results season is over the shares will

The weakness of sterling was behind the strong rise in HSBC, which rose 19 to 577p. Barclays added 20 to 459p, Lloyds recovered from an uneasy opening to close 6 better at 560p and NatWest jumped 19 to 581p. Royal Bank of Scotland edged up 4 to 249p, still responding to the recent

disappoint," said another ana-

visit by analysts to the group's Direct Line insurance operation. Reports of an imminent flotation of the business were viewed as wide of the mark.

The absence of much-rumoured rights issues saw composite insurances race shead with the sector index moving up 3.4 per cent. Commercial Union, the only composite expected to record a profit for 1992, jumped 17 to 624p. Sun Alliance added 14 to 346p.

Speciality chemicals group Lanorte fell 5 to 649p ahead of an announcement that it had gained 78.3 per cent of glue manufacturer Evode and its recommended offer for the company was unconditional. Evode shares were a penny weaker at 1330.

In a buoyant drinks sector. Guinness surged 18 to 475p helped by the rumour that France was to leave the ERM. The group has a 24 per cent cross bolding in the French luxury goods company LVMH. BRITISH FUREDS UK interest rate cut hopes aided Bass and Whitbread. which jumped 14 to 604p and 11

which jumped 14 to 604p and 11
to 467p respectively. Grand
Metropolitan rose 5 to 440p as
Kleinwort Benson reiterated its
buy stance.

Hank Organisation shrugged
off worries over the new
accounting procedures and
added 12 at 720p. Presentations
to institutions in Scotland
helped Thorn EMI gain 19 to
844p. A large line of stock overhung Ladbroke most of the day
and the shares closed 2 admit
at 203p.

Shares in British Aerospace

at 203p. Shares in British Aerospace moved sharply shead after a tentative start on speculation tentative start on speculation that the company was about to announce an order for Hawk jets from Oman. Early weak-ness in BAe was due to the financial collapse of Dutch Commercial vehicle maker account for the commercial vehicle maker accoun commercial vehicle maker DAF in which it holds a 16 per cent stake.

Having shaken off the early gloom, sentiment was further lifted by the return of talk in some circles that GEC would launch a bid for BAe. Shares in BAs closed 13 up et 287p in trade of 6.5m, while GEC moved 9 ahead to 301p with volume reaching 11m.

Truck maker KRF Holdings was seen as a beneficiary of the demise of DAF and the shares jumped 26 to 231p. Spe-cialist engineer Trinity Holdings which came to the market in October 1992 at 120p, was

FINANCIAL TIMES EQUITY INDICES Feb 3 Feb 2 Feb 1 Jan 29 Jan 28 ago High Ordinary Short bloody charges.

Open: 8.88 \$1.00 11.00 12.00 \$3.00 14.00 \$5.00 16.00 High Law

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London report and lotest Share index Tel. 0891 123001. Calls charged at 36p/minute chesp rate. 48p at all other times.

**EQUITY FUTURES AND OPTIONS TRADING** 

HOPES of a cut in interest rates in both the UK and Ger-many, along with speculation that Denmark and France may leave the ERM, helped reverse Tuesday's declins in stock index futures, writes Joel

But for a brief decline in the first 15 minutes of trading, the March contract on the FT-SE

ahead on the interest rate hopes and talk of the ERM withdrawals, pulling the underlying cash market

sharply forward.

Buying at the higher levels was seen throughout the day and was further boosted by a strong Wall Street and March first 15 minutes of trading, the first 15 minutes of trading, the March contract on the FT-SE which opened at 2,839, moved strong wan street and March finished at 2,839, a jump of 52 on the previous day's close and at a 17-point premium to

the underlying cash market. Turnover was a reasonable 9,735 contracts by the close. In traded options, turnover improved on Tuesday's levels to reach 81,794 lots against 25,119. The FT-SE 100 option saw business of 11,877 trades.

Among stock options, it was Hanson that led the league

table. It had traded 2,064 con-

tracts by the close. It was fol-

lowed by Thorn EMI with turnover raeching 1,301 lots. Bld speculation in TSB ensured that the options had a busy day. Some 1,187 lots were dealt in TSB with the June 180 calls the busiest series with a total of 700 lots.

Glaxo which traded 1,184 contracts and British Aerospace in which 1,101 lots were dealt were also busy.

also said to be another beneficiary of the collapse. The shares gained 11 to to 1830. Triplex Lloyd eased 2 to 171p, after the company announced a £17.3m rights

United Newspapers lifted 6 to 5290 as S.G. Warburg reaffirmed its positive view, believing the worries over a VAT charge being imposed on newspapers has been discounted and that United will be helped by its US exposure.

Reuters Holdings to benefit from a Goldman Sachs recommendation. The shares recovered 23 to 1427p.

MARKET REPORTERS: Christopher Price, Joel Kibazo, Peter John. Steve Thompson,

M Other market statistics

290 Feb 3 chenge % 351 582 194 2547.1 2472.7 6.18 6.86 6.33 5.47 6.06 6.26 2834.4 2985.5 1397.1 2607.2 2954.8 1382.5 FT-SE 100 FT-SE MM 250 4.25 2673.8 1847 3023.6 + 0.9 2968 6 FT-SE-A 350 FT-SE SmallCap FT-SE SmallCap ex law Treats 1233.4 14152 1403.1 1496.18 1507.72 4.24 4.50 4.26 23.54 20.49 +0.4 1514.43 1504.37 1218.83 FF-A ALL-MARE +1.3 1378.96 925.37 946.62 792.82 964.22 879.01 B04.57 783.85 2743.65 2476.29 2733.93 2462.03 0.80 0.98 0.29 356.79 Metals & Metal Forming(11) 374.27 0.00 408.80 2049.76 401.73 2041.55 404.79 2033.27 10 Other Industrials(18) 2.80 10.18 1.46 0.54 18.28 21 CONSUMER MOUP(232) 1715.30 1715.25 Bravers and Distillars(28) 1969.32 1932.03 1947.08 2062.44 1362.14 3411.51 1260.10 2542.71 Food Hemilacturing Food Retailing(18) 1377.44 3359.12 3840.29 3387.65 3378,17 8.54 6.37 1.36 0.57 3928.73 1323.35 3825.13 1316.67 3965.13 4558.20 1295.45 1268.17 20,11 1335.97 29 Hotsis and Laleure(20) +1,5 1902.21 844.96 1883.16 1897.83 1867.47 1476.47 827.36 757.33 34 Stores(38) 35 Textiles(20) 1122.94 785.64 1108.99 1107.31 1094.98 1480.47 1623.30 1406.69 1626.17 1470.04 1623.26 40 STREET SHOUPS(14) 1451.29 1215.10 41 Bosiness Services 27 1601.39 1380.94 1481.64 1498,67 1480.63 1489.53 1521.36 1504.17 1473.34 2918.98 1528.05 2864.52 2850.78 2402.22 1534.72 1703.74 1535.50 1678.67 1533.52 1282.16 1394.78 16.54 1.58 1732.05 1701.68 Water(13) 14.12 5.84 5.53 4.11 11.83 48 Maraha 2496.20 +0.5 2482.08 2496.28 2450.43 1844.63 1429.33 1297.73 7.18 49 DEDUSTRIAL GROUPS 1451.96 +1.0 1436.12 1444.81 22.81 51 'OR & Gas(18) 1504.67 1372.98 4.23 17.88 2.43 59 "580" SHARE MOEXING 1532.24 +1.0 1516.40 1623.80 971.24 +25 947.74 948.38 924.05 252 76.12 210 81 FRENKCIAL GROUP(RS) 62 Banks(9) 131436 1274.77 4.45 2.83 1352,60 +29 1314.40 1909.72 631.01 Insurance (Lita)(6) 1097.07 4.72 87.12 1861.35 629.41 511.01 66 losurance (Composite 67 lanuarence Brokers(10 650.46 +35 815.53 825.22 826.82 821,26 907.52 6.55 564 61 790.53 549.71 683.06 564.17 4.05 5.89 68 Merchara Barrico(6) -01 701.76 325.57 7.01 718.90 771.81 70 Other Financial(23) Investment Trestal 107 2.97 42.67 1417.18 +14 1397.31 1392.64 1368.84 1184.85 121883 99 FT-A ALL-SHARE(980) 1396.35 + 1,3 1378.95 1384.44 1364.83 6.28 4.25 20.49

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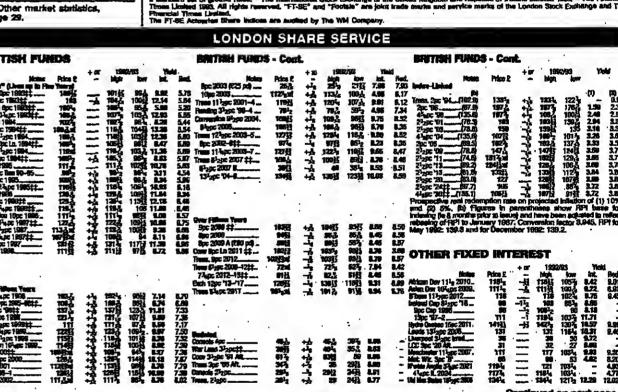
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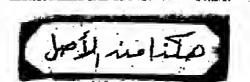
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FINANCIAL TIMES THURSDAY FEBRUARY 4 1993 27 **LONDON SHARE SERVICE** INVESTMENT TRUSTS - Cont. TELEPHONE NETWORKS MINES - Cont. 1992/93 | 180 | Captin | Vist | 180 | Captin | Vist | 180 | Captin | Vist | Captin | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 293 Mic low Copen 305 28,228 212 6,530 469 7,787 £13012 578.1 £241; 114.2 1 7,984 648 40.5 469 525.8 357 800.7 286 3,989 135-4 135-4 136-2 126-2 156-2 156-2 156-2 156-2 160-2 183-2 199 199 199 1138 133 134 141<sub>2</sub> 41 135 135 135 263 Price 120 286 281 137 12 283 382 382 1280 561 1 516 213 156 76 4.5 4.5 4.5 2.5 3.3 3.2 8.8 0.4 8.5 1.2 - high +812 421 +9 216 +6 731 +1 21882 5 - 23312 - 23312 - 236 - 2 - Ngh - 22112 +33 21654 +12 362 +33 820 - 862 +3 632 | ±4 | | ± | # | | | | | | | | | | | 105 105 206 205 134 355 352 46 1465 1280 616 213 253 low Capons 335 325.1 51 22.7 282 15.7 299 15.7 291 321.5 281 55.5 281 55.5 281 1.50 283 485.7 216 1.50 215.4 291.1 8 3.67 29 1.22 44 48.2 215.4 28.6 215.4 Price 421 210 711 2182 2331<sub>2</sub> 4 9257<sub>1</sub> 975 636 548 210 210,7, 362 540 650, 247 291<sub>2</sub> 261<sub>2</sub> 251,2 252 486 560 200 \$81<sub>6</sub> 1,600 3,966 2,00 335,9 103,8 142,3 1,190 40ps Pf ...... 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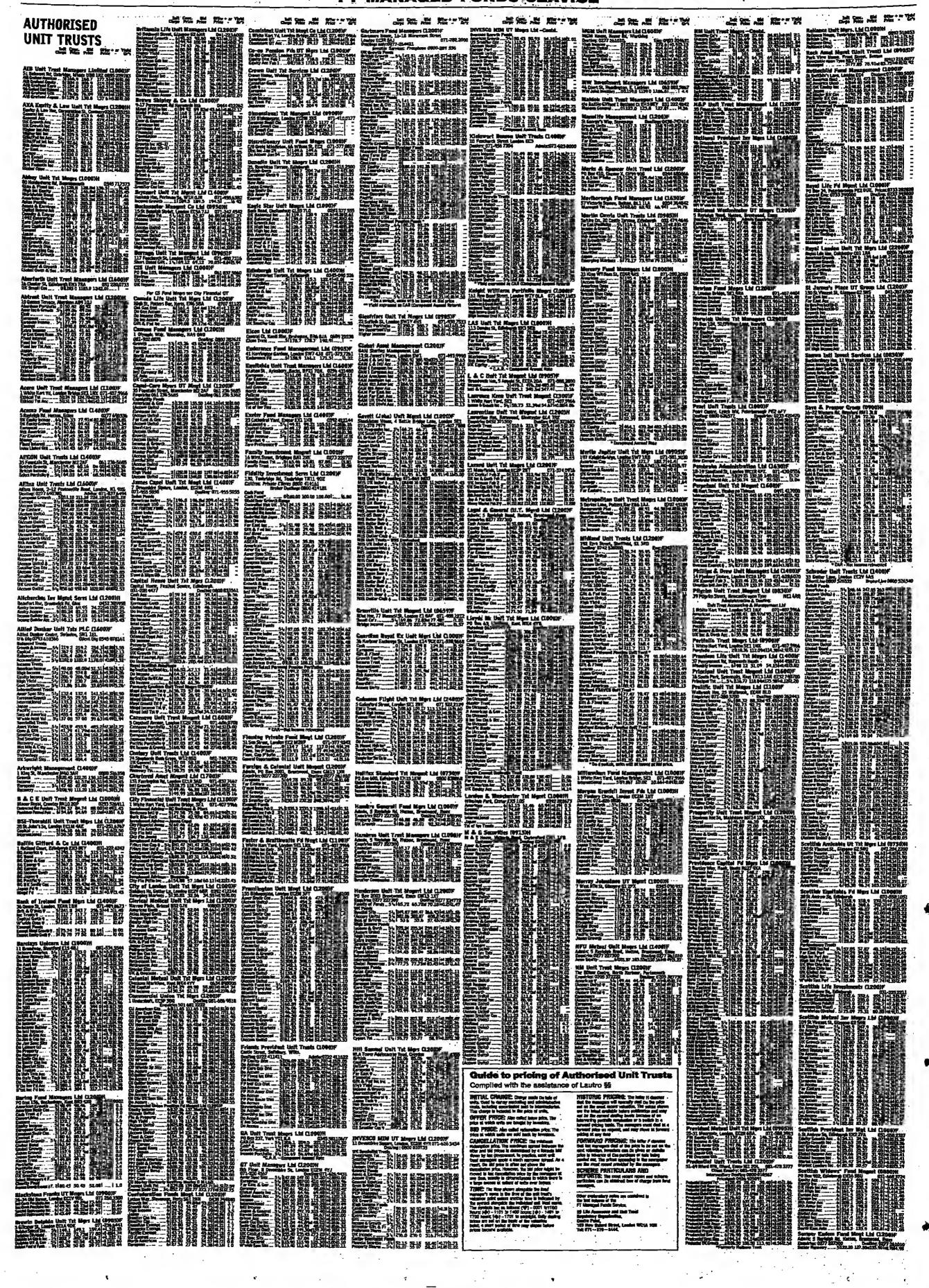
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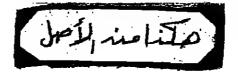
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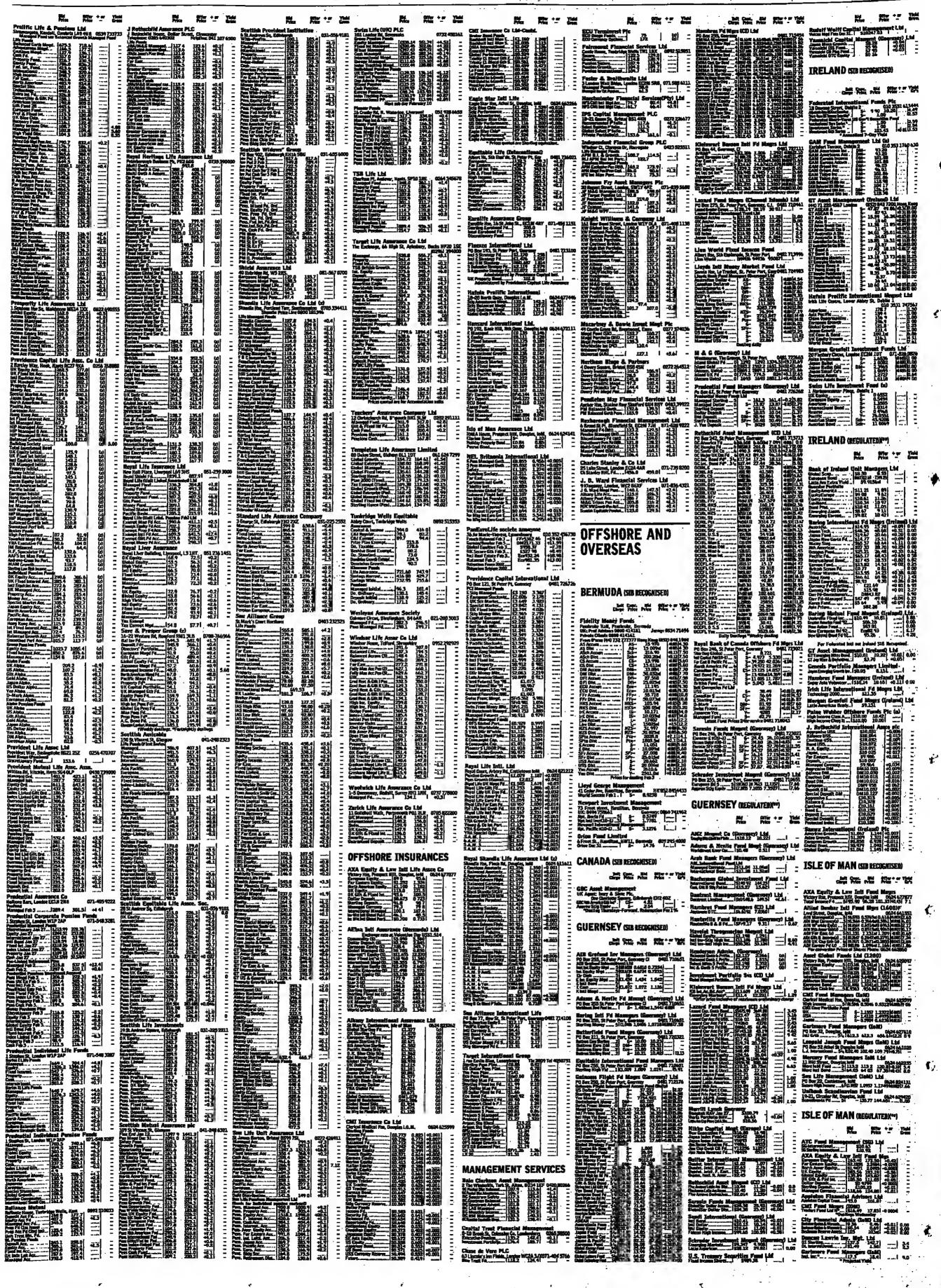
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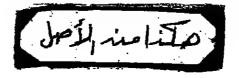
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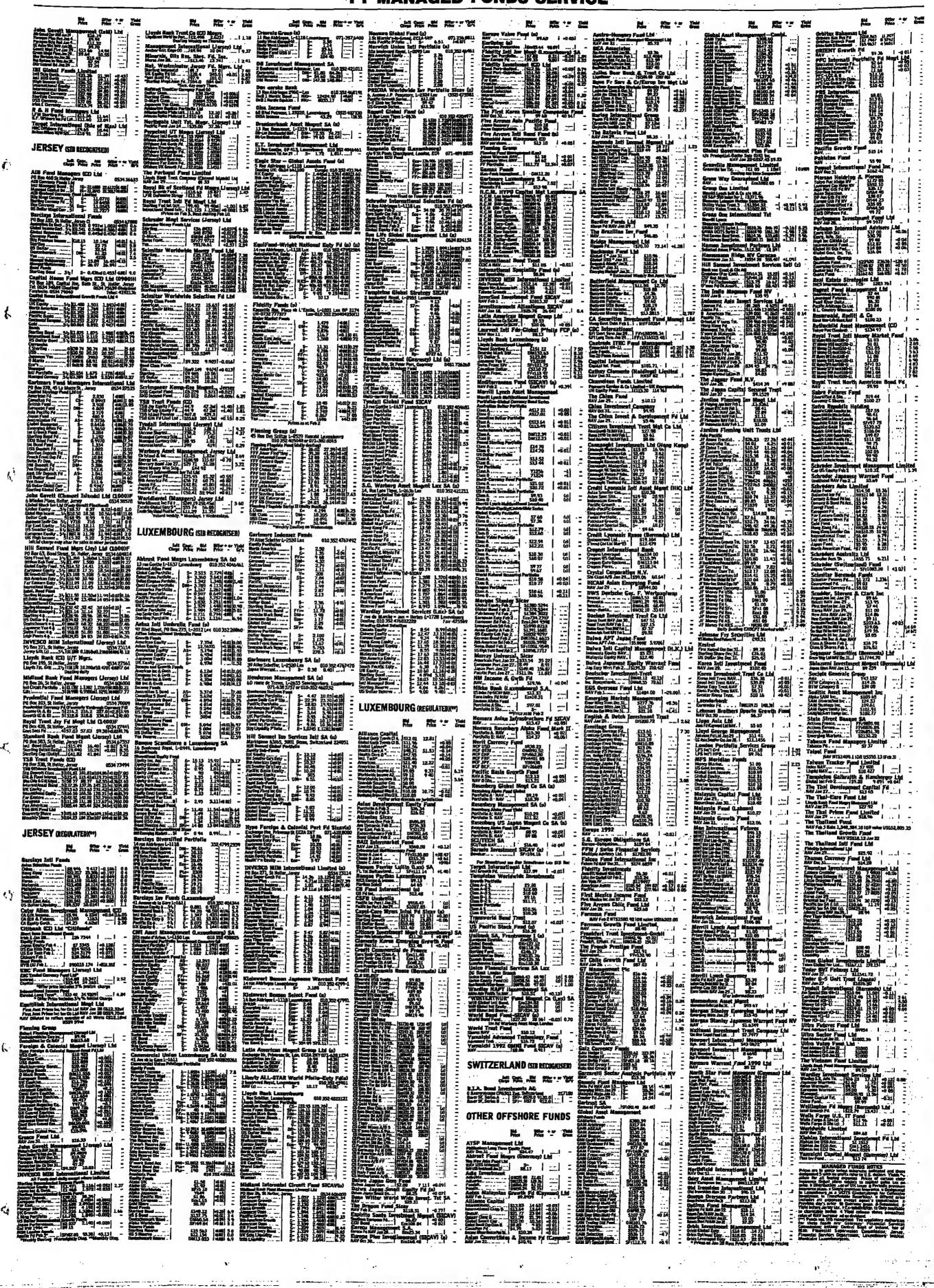
FINANCIAL TIMES THURSDAY FEBRUARY 4 1993	FT MANAGED FUNDS SERVICE * Current Unit Trust prices are available from FT Cityline. For further details call ( 071 )	29 ) 925 2128.
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FT MANAGED FUNDS SERVICE







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MONEY MARKET FUNDS

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#### FOREIGN EXCHANGES

# Sudden return to turbulence

PRESSURES inside the European exchange rate mech-anism intensified yesterday after the Danish krone fell to its floors against 3 of the sys-tem's currencies in a sharp tem's currencies in a sharp burst of speculative selling, urites James Blitz.

The comparative calm that followed the devaluation of the Irish punt was rudely shattered as the krone became the sixth currency in the ERM to be threatened with devalus-

The krone had spent the first two days of this week on its ERM floor against the Irish punt. Yesterday, in the most turbulent day on the foreign exchanges since the autumn currency crisis, the Danish currency fell to its floors against the Dutch gullder and the D-Mark, despite a rise in Danish interest rates and heavy central bank intervention.

After ERM trading closed yesterday, the krone was trading at DKr3.8954 to the D-Mark. narrowly above its ERM floor of DKr3.9016.

The outlook for the Danish currency looked grim last night, partly because Danish investors had sold their currency in large quantities, a sign of acute currency weak-

£ 1	E IN NEW YORK										
Feb.3	u	Nest		Previous Close							
£ Spot 1 month 3 months 13 months	0.37	1.4350 0.36pm 1.02pm 2.55pm	S	430 1.4440 1.37 0.36pm .04 1.01pm 1.70 2.60pm							
Forward premiu		NG IN	ID	EX							
		Feb	3	Previous							
8.30 and 9.00 and 10.00 am 11.00 am 10.00 pm 2.00 pm 4.00 pm 4.00 pm 4.00 pm		77. 76. 76. 76. 76. 76. 76.		77.8 77.7 77.7 77.7 77.7 77.5 77.4 77.1							
CUR	CURRENCY RATES										
Feb 3	Bank & rate	Special Drawfo Rights		European † Currency Unit							
Sterling U.5 Dorlar Canadian S. Austrian Sch Belgian Franc Danish Krone D-Mark Dutch Gullder	3.00 7.75 8.75 9.50 8.75 7.75	0.93577 1.36870 1.72779 13.696/ 45.942- 8.5958 2.23020 N/A	200	0.825373 1.18251 1.49741 13.6734 40.0842 7.57221 1.94346 2.18788							

N/A 2076.66 171.163 9.47182 158.461 N/A 2.06751, N/A N/A

CURRENCY	MOVE	MENTS
Feb 3	Bank of England Index	Morgan** Gearanty Changes %
Sterling U.5 Dollar Canadian Dollar Austrian Schilling Belgian Franc Danish Krone O-Mark Swiss Franc Dotth Gelder Lira Lira Vet Peisela ————————————————————————————————————	76.9 67.3 % 0 115.4 116.1 117.1 128.0 119.9 119.3 81.8 154.6 99.9	-32 46 -10 3 -4 13 +14 83 +1 150 +17 25 +21 26 +17 25 +21 33 40 +23 91
Morgax Guard 1980-1982 • 100. Ba Average 1985 - 100).	ek es Engla	nd Index (Base

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"Floating rat	e fran Official rate	E98.50 \$66.30

**MONEY MARKETS** 

the prospects of another UK rate cut before the March bud-

get were diminishing after the

pound fell to historic new lows

against the D-Mark yesterday

against the D-wark yesterday morning writes James Blitz. The UK authorities announced that they would be closely monitoring sterling's

exchange rate as the currency

fell to a historic new low on its

The implication was that the currency's fall could be of suffi-

cient concern to ward off

another rate cut in the next

UK clearing bank base leading rate

from January 26, 1993

However, far from assuming that there would be no more rate cuts, dealers simply took

the view that the cut to 5 per

cent was more likely in the

eummer rather than the

contract fell 9 basis points to a

low of 94.21, before closing at 94.30. At this level, it assumes

that 3-month money at hudget time will be at 5.70 per cent.

The September short sterling

At this level, it assumes 3-month money will be at 5.20

per cent by the autumn, a level

contract rose 5 basis points to

The March ehort sterling

trade weighted index.

few months.

spring.

close at 94.80.

Still looking for a cut

The Belgian franc's fall to third from bottom of the ERM grid also indicated how serious tensions in the ERM have sud-

The Belgian currency'e for-tunes are closely linked to the D-Mark's. But yestarday. 3 month Belgian francs were trading about 20 basis points above 3-month D-Marks, a sign that investors may be looking for a premium against the break-up of the ERM.

The pound dropped to historic new lows against the D-Mark, the French franc and the Japanese yen in European trading. It closed in London at DM2.3600, down 11/2 pfennigs on the day and at FFr8.003 against the French franc.

The pound also slumped during the day to a new 1993 low of \$1.4255 against a dollar which itself reached a 9-month high against the D-Mark. Th pound closed in London \$1.4340, down more than a ce

Yesterday's eelling of the pound appeared to he short-term interbank speculation rather than investment fund selling.

CURRENCIES. MONEY AND CAPITAL MARKETS

Mr Mark Austin of Midland Global Markets said that sales had been "sporadic." "I would be surprised to see the pound go down from here in the near term," he added. Mr Avinash Persaud, a cur-

rency economist at UBS Philips and Drew, was extremely pessimistic about the pound because money market dealers have already discounted a 100 basis point cut in base rates by

the summer.
The fall, he said, could only be explained by a loss of confidence in the government's strategy and a belief that it was pursuing a policy of "benign neglect." towards the

LELL.	exchange late.
he	"There is a risk of a vertical
at	fall for sterling which would
nt	have a very serious impact on
	financial markets," he said.

Equation   Process   Pro		ems e	URO	PEA	N CU	Rf	RENCY	UNI	T RA	TES	
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EXCHANGE CROSS RATES													
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£	1	1404	2.360	178.3	8.003	2188	2,658	2200 1534 172.2 1239 2749	1815	49.80	169.0	1.71	
	0.697	1	1.646	124.3	3.581	1.526	1.854	1534	1.266	34 03	117.2	0.84	
100	0.424	0.606	1	75.55	3391	0.927	1.126	932.2	0.769	20.65	71.19	0.51	
YEN	5.609	8.043	13.24	1000	44 89	12.27	14.91	12339	10.18	273.7	942.2	6.80	
F Fr.	1.250	1.792	1979	222.8 81.47	10	2.734	3.321 1.215	2749	2.256	60.98	209.9	0.45	
	0 457	0.655	1.979	81.49	3 658	1	1 215	1005	0.830	22.30	76.78	0.55	
	0.376	0.540	0.888	67.08	3 011	0.823	1	827.7	0 663	18.36	63.21	0.45	
	0 455	0 652	1.073	81.03	3 638	0 995	1.205	1000.	0.825	22.18	76.36	0.55	
CS	0.551	0.790	1.300	98.24	4 409	1.206	1.464	1212	1	26,89	92.56	Q.M	
ı.	2.049	2939	4 836	365.4	16.40	4.484	5.447	4508	3719	100.	344.3	248	
	0 595	0.854	1 405	106.1	4.764	1.302	1 582	1212 4508 1310	1.080	29.05	100.	ā 72	
	0.624	1 181	1.944	146.9	6.592	1 802	2 189	1812	1495	44.20	138.4	1	

F#J3	£	\$	-	Yes	F Ft.	S Ft.	R Fl.	Ura	a	8 Fr.	Pta	Eps
£	1	1404	2.360	178.3	8.003	2188	2,658	2200 1534 132,2 12339 2749 1005	1.815	481.80	168.0	1.71
3	0.697	1	1.646	124.3	5.581	1.526	1.854	1534	1.266	34 03	117.2	0.84
004	0.424	0.608	1	75.55 1000 222.8 81.47	3391	0.927	1.126	932.2	0.789	20.65	71.19	0.51
YEN	5.609	8.043	13.24	1000	44 89	12.27	14.91	12339	10.18	273.7	942.2	6.50
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N FL	0.376	0.540	0.888	67.08	3 011	0.823	1	827.7	0 683	18.36	63.71	0.45
Lita	0 455	0 652	1.073	81.03	3 638	0 995	1.205	1000.	0.825	22.18	76.36	0.55
CS	0.551	0.790	1.300	98.24	4 409	1.206	1.464	1717		26.89	92.56	0.66
ı.	2.049	2939	4 836	365.4	16.40	4.434	5.447	1212 4508 1310	3/19	100.	3443	248
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582 1310 1080 29.05 100 0.723 189 1812 1495 40.20 138.4 1	FT FORES	2001406	ERATES		
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FT LONDON INT	ERBA	NK F	41XI	IG	

Estimated volume 2822 (2077) Previous day's open Inc. 17904 (17603)

Contracts trailed on APT. Closing prices shows.

FT-SE 160 DIDEX •

POUND - DOLLAR

#### DEALERS in the sterling that is clearly compatible with money market assumed that 5 per cent base rates. The shape of the futures yield curve indicates that rates should rise after September. However, the curve in the aterling cash market cootinned to decline down to about 5%

per cent for 1 year money. Dealers in European interest rate markets were more overtly concerned about currency tensions inside the European exchange rate mechanism.

One-month French francs touched 13 per cent as the Danish krone fell to its floor against the D-Mark. The March French franc contract fell 24 basis points from its opening level to close at 88.50.

The Bundesbank was slightly more generous than had heen expected in its weekly repo, accepting a lowest bid of 8.57 per cent. But neither thie, nor the absence of concrete news on the public sector wage talks in Germany, indicated what the Bundeshank will do at its

council meeting today on rates. Any hullishness was founded on the idea that pressures in the exchange rate mechanism made a cut in official rates more likely at today's council

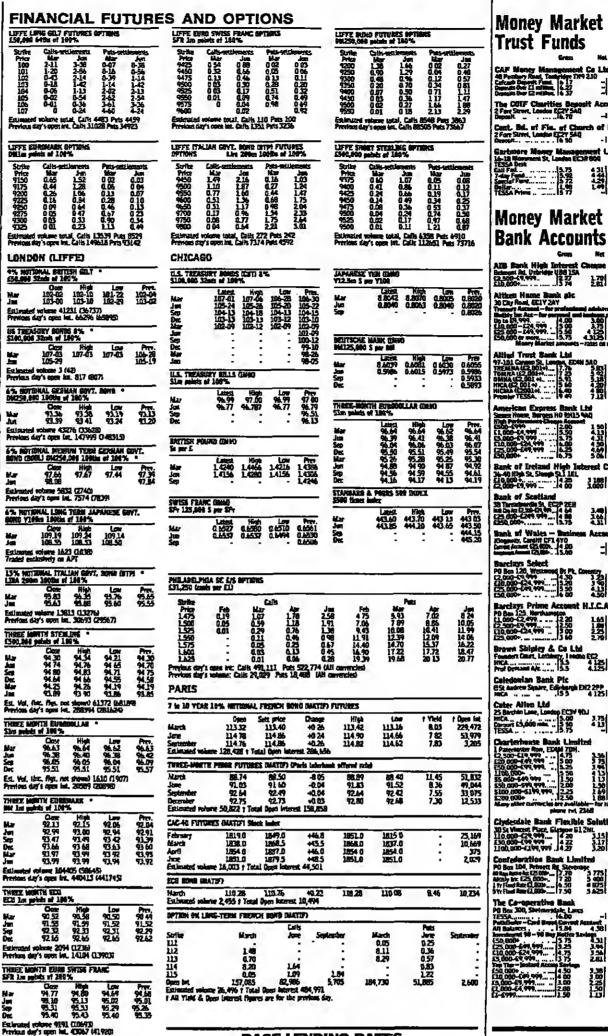
meeting to restore calm. The March Euromark contract closed up 5 basis points at 92.14.

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	M	ONE	RAT	ES		
NEW YORK			Treasury	Bills and	Bonds	
Lunchtlime Prime rate Broter loan rate Fed funds Fed funds	. 6 1	e month		2.93 Fhe j 3.00 Seen 3.20 10-ye	764	5.62 
Fd:3	Oversight	Doze Mostin	7eq Months	Three Months	Siz Months	Lombert
Frankfurt. Paris Zurick Zurick Antszerdam. Tudyo Mittan Grassels Dublin	8.55-865 113-134 53-64 6.25-8.35 313-34 114-124 146-15	85-85 85-85 85-86 119-11- 119-11- 11-17-	16-1619	85-850 113-123 54-512 113-118 151-16	7,95-8,05	9.50 9.10
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Feb 3	Gverplgte	7 days notice	One Month	Three Months	Six Mooths	One Year
		1	_	-		-

Feb 3	Overplgise	7 days notice	One Mopuli	Three Months	Six Mooths	One Yes
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tender rate of discount 5 4349. ECGO Fixed Rate Steving Export Fixarrae, Make up day January 27 1993. Agreed rates for period February 24, 1993 to March 23, 1993, Scheme it 8 32 p.c. Schemes it & III: 8.20 p.c. Reference rate for period January 1, 1993 to January 29, 1993. Scheme IV.4V 7.0 o L. Local Antibority and Finance Houses seven day? Inside Country 29, 1993. Scheme IV.4V 7.0 o L. Local Antibority and Finance Houses seven day? Inside Peposit Rates for some at seven days inside 4 per cent. Certificates of 7ax Deposit Series 6), Deposit \$100,000 and over held under one month 4 type cent, three-six months 5 per cent; three-six months 5 per cent.



# DACE I ENDING DATES

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ry Anabecher 8	Exeter Swik Limited7	Nykredit Mortgage Brik 6.5
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kof Baroda 8	@Robert Fleming & Co	Reschungton Bank Ltd 8
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#### **CROSSWORD** No.8,068 Set by VIXEN

FOOT NO

150 150

cdale Bank Flexible Solution larger Place Glesson G1 2Nt. G 0-C24,040... d 20 3.151 0-C94,040... d 22 3.171 00-E144,404 ... 422 3.201

5 The joint's without credit?
That's a laugh! (6)

8 "Fruit" in the Chinese language (6)

10 Shut up in winter, naturally (6)

12 Beastly creatures – a quarter

Adapt (5)

13 Nevertheless the speed is impated (2) 24

drink (5)

13 A cockney wants endless comfort and loving (4,5)

14 New camp – it will make an impression (6)

15 Countries before head? impression (6)
18 Smuggled before bag search

18 Smuggien perore mag search
(7)
18 Sap going after a vehicle in a
vivid red (7)
21 A vendor of fruit taking in
five hundred pounds (6)
23 Put out over change of diet (9)
25 A flower for Bounie's partner

(5)
26 Applying to characters having a leaning to the right (6)
27 Iron cutback (8)
28 Unsophisticated oriental nov-

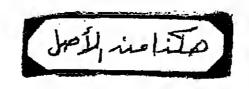
29 Reeping pace with conserva-tionists, so clamorous (8) DOWN Misers can get careless (6) He acknowledges to study harder is essential (9)
 Superior philosopher given employment (5)
4 Poseidon took this in hand (7)

8 Affected to be solicitous (9)
7 Newspaper leader holding
males would appear better (5) 1 Trounces rebels and makes reports (8)
5 The joint's without credit?
7 Newspaper leader holding males would appear better (5)
8 Frame housing with the right

(7)
22 Regret taking exercise in break (6)
24 Look for very little (5)

25 A terrier'e to be seen aboot or a regular soldler (5) Scintion to Puzzle No.8,067





FINANCIAL TO	MES THURSDAY F	EBRUARY 4 1993		
With the second			W	ORLD STOC
Fallenery 5 Sub - or - Austrean Falleners - 1,835 + 10 Crofilmental Pf - 489 + 55 EA General - 3,470 + 55 Share - 775 + 46 Portscooper Zonaper - 1,100 Institute Halander - 775 + 47 Reiningtaine Brum - 1,1731 + 35 Share - 1,173	February 3	Separation   Dec.	Emoto 8	### Separation   ###   #
Pathway 3	Personne   Personne	Palewary     1991   109   10	Pelecowy 8	### ### ### ### ### ### ### ### ### ##

**JSSWORD** 

	CAI	NADA	<del>-</del>			
Sufra Chast					<del></del>	
Sales Stock High Lour Close Co	1200 Dorleys 5 98 27 77 1	92700 Markons CCI			bek High beritt G \$6 <sup>1</sup> 4	Low Clos 5% 6%
TORONTO	1500   Design   500   500   500   701300   Design   504   13 <sup>2</sup> / <sub>2</sub>   13 <sup>2</sup> / <sub>3</sub> + <sup>1</sup> / <sub>3</sub>   105600   Design   104   50 <sup>2</sup> / <sub>3</sub>	157600 Macm BI \$174 97900 Magna IntA \$403 19200 Map Li Fele \$141 4100 Ment T&T \$203	^x 40 40~4~4~4	35700 St 1900 St 33000 St	-11. Syst \$9 VC Group \$10 <sup>1</sup> 2 Snora Cat 15	578 67 878 87 10 <sup>1</sup> 2 10 <sup>1</sup> 14 1
4 pm close February 3 Ouctations in cents unless marked \$	47300 Domarino 85% 5% 5% 5% 5% 1 1 1 2 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	19200 Mpi Li Fds \$141 4100 Merts T&T \$203 7700 Mark Res 48	80 A75 ABO AS	95100 S	outhern \$15 <sup>1</sup> 2 par Aero \$17 <sup>3</sup> a	15% 15% 17% 17%
			12 12 12		elco A 175 elismaEn u\$18 <sup>1</sup> 2	147 16
200UU AFUZA 240 236 236 .	3 400 Empire \$10% 10% 10%	95500 Mitel Corp 24 99300 Moison A \$253	10 230 239 +6 34 1253₁ 255₁ -1₂	552200 Te 17500 Te	ck 8 \$163a deciche u\$1534	18 <sup>3</sup> 4 16 <sup>3</sup> 16 11 15 <sup>5</sup> 9 15 <sup>5</sup> 12 <sup>7</sup> 8 13 <sup>3</sup> 13 <sup>7</sup> 9 14 <sup>3</sup> 15 <sup>3</sup> 4 15 <sup>3</sup> 21 <sup>3</sup> 8 21 <sup>5</sup> 6
34000 Albrite Bri 516-3, 16-2, 1834 300 Albritane \$15-1, 15	•		5 5 5	221600 Th	tus Corp. u\$13 <sup>1</sup> g iomson \$14 <sup>3</sup> g i Dom &k \$19	12% 134 13% 144 151 161
20300 Ato Ci 1 \$12 115 115 1	10200 Februstkir SB1 72 72 12 12 12 12 12 12 12 12 12 12 12 12 12	81300 Net Bk Can \$75 5300 Norms Ind A \$52 61200 Norancafor \$73	7 4 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	127500 To 138400 To	mater 9 \$215 <sub>2</sub> CalPNAm \$81 <sub>4</sub>	21 21 21 5
98300 Bt Mantri x \$445g 443g 441g 70800 Bt Now Sc \$23 223g 223g 1	36100 Fet Men A 510% 10% 10% 10% 1-8 800 Fortle \$25 25 25 6500 Four Seater \$17 17 17 17	2/5800 Noranda   5163	480 4.95 + 2 4 772 734 + 4 5 1519 164 + 1 5 2412 2412 + 2 5 1514 1519 + 7 6 58 - 2 6 58 - 2	36500 Tr 147100 Tr 84100 Tri	ersAta \$13 <sup>3</sup> 4 erocen P \$17 <sup>1</sup> 6 irrac \$11 <sup>1</sup> 8	135 <sub>9</sub> 133 167 <sub>9</sub> 17 11 11
14000 BC Sugar Ax SP 85 85 3 22800 BCE inc \$45 444 447 15		2000 NorchM/lg \$151 202200 Nth Tale \$553	1512 1513 1514 1514 1515 5514 + 7	392100 Tri	bac A 190	d151 186
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6900 Bow Valley \$115 1115 1115 1 80300 Branning 40 38 38 32400 Branning 504 85 83 1	2 35800 Glamia Gid u\$5 <sup>2</sup> ; 5 <sup>1</sup> 4 5 <sup>1</sup> 2 4 <sup>1</sup> 8 228700 Guidestar u\$3 <sup>2</sup> 5 9 <sup>1</sup> 8 9 <sup>2</sup> 5 4 <sup>2</sup> 5 14700 Garages 180 180 180 800 GM Libeo S14 <sup>2</sup> 2 14 <sup>1</sup> 2 14 <sup>1</sup> 2 70100 GM Libeo S14 <sup>2</sup> 2 14 <sup>1</sup> 2 14 <sup>1</sup> 2 14 <sup>1</sup> 2 200 GW Libeo S5 <sup>4</sup> 4 5 <sup>1</sup> 8 5 <sup>1</sup> 4 5 <sup>4</sup> 4	16000 Numac OII \$85	8 6 8 8 8 4 4 8	4700 Un	tva 57-54	
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5400 Brunswick \$8% 8½ 8½ 8½		5200 Pancin Pet 5343	341 341	1 - No voting	C 9 u\$15 <sup>5</sup> g grights or restricted	15% 15%
44100 CAE and \$51e 4.85 51e+1	200 HarrieSt A SS <sup>2</sup> s S <sup>2</sup> s S <sup>2</sup> s S <sup>2</sup> s 201 Review Sd S20 d20 202 202 202 202 100 Heem Ind SS <sup>2</sup> s S <sup>2</sup>	40200 Pegasus \$18 <sup>3</sup> ; 836500 Pioneer Mt 20 573600 Pacer0ome \$16 <sup>1</sup> ;	9 18 <sup>1</sup> g 18 <sup>1</sup> 4 - <sup>3</sup> g 0 15 10 + 3 2 16 <sup>1</sup> g 16 <sup>1</sup> 2	l		
44100 GAE inst \$5\frac{1}{2}\$ 4.85 \$5\frac{1}{2}\$ +.15  54300 Cambior \$11\frac{1}{2}\$ 11\frac{1}{2}\$ 11\frac{3}{2}\$ 13\frac{1}{2}\$ 2000 Camero \$17\frac{1}{2}\$ 17\frac{1}{2}\$ 17\frac{1}{2}\$ 13\frac{1}{2}\$ 2000 Camero \$2\$ 28 28 28	1 1930A LUCKING 211-2 11-3 11-3 1-8	178700 Pazz Pet 46i 481700 Power Corp \$151; 4500 Power Fin \$204; 10000 Quabecar A \$183;	TO 450 .E		MONTREAL	_
78800 Camicapilis \$245 241 241 11 12 12 12 12 12 12 12 12 12 12 12 12	13500 Horsteam 5112 1114 1112+15 300 HodeRayMAS 555 55 55 160800 HuderayMAS 53912 2914 2918 14	1			4 pm close Febr	uary 3
5-5000 Canadar 5114, 1112, 1134, 113	60000 imego 539 <sup>1</sup> 4 38 <sup>3</sup> 4 39 <sup>1</sup> 9 41000 imp 01 543 <sup>1</sup> 2 42 <sup>7</sup> 8 43 <sup>1</sup> 2 + <sup>1</sup> 4 296800 inco \$28 <sup>1</sup> 4 28 28 <sup>1</sup> 9	720900 Ranger Oli \$57, \$3000 Rayrock \$105, \$00 Red Sten \$334, \$00 Refrant \$ \$25, \$119700 Rem sence \$250, \$182600 Repap En \$25, \$3000 Re Algum \$219,	654 54 9 1012 1058 18 2 3312 3412 +1	166900 Bur		1138 117
6300 Canller Ax \$14년 13월 13월 17 7700 Can UBA \$20월 20월 20월 21 2300 Can UBA \$21 20월 21 3500 Can Gentor \$27월 27월 27월	300 inthuse 7 \$8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	500 Reitman S u\$25 119700 Ren'ssance u\$203	10 <sup>1</sup> 2 10 <sup>5</sup> 8 · <sup>1</sup> 8 2 33 <sup>1</sup> 2 34 <sup>1</sup> 2 + 1 0 19 <sup>3</sup> 4 20 20 <sup>1</sup> 8 30 <sup>3</sup> 4 + <sup>1</sup> 2	150100 Car	mbler \$11 <sup>3</sup> 4 nkep Bk \$24 <sup>2</sup> 2 Marceni \$13	11½ 11¾ 24¼ 24¼
3500 CamSaniare \$273, 273, 273, 273, 3500 Camsaniare 26 26 28 2700 Camolor \$273, 283, 273, 476, 200 Californest \$203, 203, 203, 203,	3200 MacDA 270 200 270 +20	182500 Repap Ent. 250 63000 Rio Algora u\$19 <sup>1</sup> 2 55200 Regeniconil \$16 <sup>5</sup> 6	20 <sup>1</sup> g 20 <sup>3</sup> 4 + <sup>1</sup> 2 0 240 248 -2 2 19 <sup>1</sup> 4 19 <sup>3</sup> g + <sup>1</sup> g 16 <sup>1</sup> g 16 <sup>5</sup> g 2 98 <sup>1</sup> 2 100	37800 Ca	scades \$5%	613 11 65 67
6200 CinPerorest \$201-2 201-4 201-4 8400 Cara Up 440 430 435 4800 Cascarine 857-3 81-8 87-1 85-1 8000 Cationese \$421-2 421-4 421-2 1-1 2000 Cationese 70 70 85 2000 Cationese 185 175 185 +11 185 +11	42000 Jennock \$15 15 15 6700 KentAddis \$15 <sup>1</sup> 4 15 15 <sup>1</sup> 4	55200 RoganiComB \$165 800 Rothuners \$991 274600 RoyalEliCan \$237 122100 Ryl Dak Min 225	2342 2342 444	74100 Doc		9 94 11 <b>4</b> 117
4900 Centraties \$67 <sub>8</sub> 61 <sub>4</sub> 67 <sub>8</sub> 500 Cetamens \$42 <sup>1</sup> 2 42 <sup>1</sup> 4 42 <sup>1</sup> 2 +1 2000 CntCptat 70 70 65	32700 Labett \$27\\\2 27\\4 27\\4 \\4\\4 \\194900 Lac Mints \$8\\\2 6\\4 6\\4 \\8\\4 \\\8\\4 \\8\\4 \\8\\4 \\8\\4 \\\8\\4 \\\8\\4 \\\8\\4 \\\8\\	1586800 RyTTrustco 155		151200 Net		47 <sup>1</sup> e 7 <sup>1</sup> y 18 <sup>3</sup> e 10 <sup>2</sup> y
2800 Cnept Odn 185 175 185 +16 185 175 185 +16 185 185 185 185 185 185 185 185 185 185	500 Lesterge \$1934 1634 1934 1 134500 Leidiswax \$1134 11 11 11 12 1 188800 Leidiswax \$1134 11 113	16000 SilawrCm A \$573 378800 Septrafia \$651 1700 ScottPoper \$914 95800 South Hos \$948 186600 Segran Co \$33	55 55 -14 64 65 +2			155 <sub>8</sub> 155 <sub>8</sub>
8900 Coputaing 85 63 63 -7800 Cond Sys \$16 <sup>1</sup> x 18 <sup>1</sup> 4 16 +1 8900 Cond Sys \$16 <sup>1</sup> x 18 <sup>1</sup> 4 16 +1	134500 Laidine Az 511-b 11 11 -1-g 18800 Laidine Bz 511-b 11 11-1-g 800 Laurent Bz 513-b 18-b 19-b -1-g 800 Laurent Co 490 490 490 6550 Laurent Co 490 490 490 6550 Laurent Mar 59-b 9-b 4-b 12000 Lobine 520 19-2 19-6 4-b 12000 Lobine	95800 Scotts Hos \$95a 186600 Sespran Co \$33	91, 95, 325, 324, +3, 54, 57, 331, 341,+11,	4300 Uni	ka 57%	7 <sup>1</sup> 2 7 <sup>1</sup> 4
1900 ChebranDev 65 75 63 46 8200 CrownX A 280 255 256	800 Laurent Cp 490 490 490 490 6500 Laurent Ker 594 0 94 +18 12000 Loblew \$20 1912 1934 +18	35000 Sears Can \$57g 82200 SheliCan A \$35	5 33 <sup>1</sup> 8 34 <sup>1</sup> 4+1 <sup>1</sup> 4	Total Sales 2	actron u\$19 <sup>1</sup> 4 22,317,800 shares	195 19
		ICES				
EW YORK OW JONES Feb Feb Jan .	len _ 1992/93   Since complication		Feb Feb (	Feb Jan 1 29	198 HIGH	2/93 LOW
2 1 29 2328.67 2332.18 2810.03 23	28 HIGH LOW HIGH LOW 08:26 3/13.21 3138.58 3413.21 41.22	ALISTRALIA All Codinectos (171/80)	1530.2 1530.2 1	529.1 1528.2	1684.50 (23/5/92)	1357.20 (16/
ner Borntes 105.12 104.95 104.99 1	(1/852) (8/10/82) (1/892) (2/7/32) 14.85 105.12 98.45 105.12 54.99 (2/2/89) (2/3/92) (2/2/89) (1/10/85)	Al Mining (1/1/80) AUSTRIA Credit Alden (90/12/84)		581.5 SB2.5	728.80 (3/7/82)	545.40 (18/1
eport 1529.78 1517.50 1506.42 14 les 229.58 228.28 226.59 2	98.85 1528.78 1204.40 1532.01 12.92 (2/2/93) (26/8/82) (5/9/86) (8/7/32)	Traded Index (2/1/81)	797.19 788.27 7	28.97 322.8 87.98 771.4	458.57 (24/2/92) 1098.43 (24/2/92)	291.41 (134 682.86 (134
	5.09 229.53 200.74 238.23 10.50 (27.780)	DENMARK		07.67 1188.25	1235.40 (2/6/82)	1946.07 (2/
ANDARD AND POOR'S	Na High 2034.61 (2032.45) For 3318.67 (2008.41) (Actuals)	Copenhages SE (3/1/83) PRALAMO HEX Seperal (28/12/90)	100	93.33 283.36 879.1 867.5	935.90 (24/2/92)	250.42 (28/1 541.00 (7/5
posito ‡ 442.56 A42.52 438.78 43	856 4/2.56 394.50 4/2.56 4.40 (2/2/93) (1/6/32)	FRANCE CAC General (31/12/81)		7241 47E.37	555.93 (12/5/92)	441.70 (7h)
	(8.30 515.75 470.91 515.75 3.82 (18/13/92) (84/83) (18/12/92) (21/6/32)	CAE 40 (31/12/87)	1824.14 1787.31 17	85.90 1772.21	2077.49 (11/5/92)	1611.04 (5/1
-	(2/2/93) (8/4/92) (2/2/93) (1/10/74)		1773.00 1761.20 17	20.14 615.83 57.96 1744.40	725.26 (26/5/92) 2043.80 (25/5/92)	565.61 (12/1 1694.60 (12/
	049 418.99 364.85 418.99 29.31	HONG KONG		86.16 1571.86 87.78 5751.4	1811.57 (25/5/92) 6447,11 (12/11/92)	1420.30 (67 4301.78 (2)
DAD Composite 705.12 701.77 696.34 65	4.67 707.16 547.84 707.18 54.87 (287.99) (256.99) (256.99) (256.99) (256.99) (217.90)	IRELAND		M7.50 1271.03	1469.57 (17/1/92)	1094.88 (19/
		PALY Banca Corp., Ital. (1972)	490.99 491.50 4	187.49 486.91	561,59 (8/2/92)	354.93 (16
Jan 29 Incustrial Div. Yield 3.13	Jen 22: Jan 15 year ago (approx.) 3.19 3.17 2.88	JAPAN		1076.0 1075.0	1085.00 (2/2/93)	992.00 (11
Jan 27	Jan 20 Jan 13 year ago (approx.)	Tologo SE (Topb.) (4/1/69)	1307.E0 1301.B1 11	133.64 17033.78 130.91 1298.88 1571.63 1658.20	23901.18 (6/1/92) 1763.43 (6/1/92) 2459.85 (6/1/92)	14309.41 (1 1102.50 (1) 1502.77 (1)
P transition years 2.51 P trail PTE ratio 26.96	2.50 2.59 2.78 26.02 26.70 23.24	MALAYSIA KISE Compacine (4/4/65)	E23.24 E23.38	'n 524.43	660.35 (5/11/92)	546,63 (14
Y YORK ACTIVE STOCKS	TRADING ACTIVITY	NETHERLANDS DBS TURBURELESS 1982	522.4 302.6	3725 267	214.90 [9/6/92]	274,00 (8
Stocks Closing Change day traded price on day	T Volume Millions Feb 2 Feb 1 Jan 29	DES AT SIX EST 1923 NORWAY DUO SE (MC) (2/12)	2742 2732 62624 69036 6	526 212 5729 681.91	772.74 (18/5/92)	189.70 (25
7,884,500 574 · 1 <sup>3</sup> / <sub>8</sub> 7,099,560 19 <sup>2</sup> / <sub>8</sub> · 1	New York SE 270.787 238.340 247.018 Acres 16.954 19.641 16.995	PHALIPPRIES		137.52 1343.18		1083.01 (17
Nacional 4,716,860 85 <sub>8</sub> - 1 <sub>4</sub> and 4,132,210 521 <sub>2</sub> - 7 <sub>8</sub>	NASDAD 254.081 179.847 267.211	SINGAPORE SES AB-SIGNOON (2/4-72)		11:21 407.65	416.99 (21/1/82)	351,41 (21/
	INTIDE INSUES Traded 2,437 2,431 2,417 Rises 1,081 1,190 1,006	SOUTH AFRICA JSE GOL (22/9/78)	£300 894.9	299.0 994.D	1327.00 (21/1/92)	746.00 (10)
1 Myers 1,622,000 55% - 1/2 104 3,585,700 54% - 1 <sub>3</sub>	Falt: 787 658 806 Undamped 569 583 603	SOUTH KOREA** Korea Carap Ex. (A/1/20)		525.0 4523.0 63.57 679.96	4551.00 (4/6/92) 709.77 (9/1/93)	2935.00 (19/ 459.07 (21/
Myers	New Highs 171 141 84 New Lows 23 15 14	SPAIN Madrig SE (20/12/85)		29.72 229.96	709.77 (9/1/83) 266.51 (28/2/92)	179.48 (5/1
Myers 1,622,099 59		SWEDEN Afrankeiden Sen. (1/2/37)		912.2 695.00	1614.50 (11/5/82)	839.00 (6/1)
Myers 2,622,099 591 <sub>8</sub> - 11 <sub>7</sub> 704 3,535,700 541 <sub>4</sub> + 1 <sub>9</sub> 704 3,400,900 241 <sub>4</sub>		SWITZERLAND Swise Bank Ind. (31/12/56)		933.6 921.1	936.10 (5/7/93)	748.50 (8/1
1 Myers 2.6521999 59% - 1½  14 3.595,700 54½ - ½  19 3.600,900 24½  Express 2.943,200 24½ - ½  2.6571,200 43½ - ½  NADA	Jan 1992/03		7107 7407	701.4	710.30 (2/2/83)	598.40 (28/E
1 Myers	28 HiGH LOW	SBC General (1/4/87)		n 23 235+ 54	5301 63 /200 /02	3088.43 (9/1
Myers	28 HIGH LOW 154 2782.42 328187 (15/1492) 2539.91 (17/11/93) 147 3307.92 3686.00 (16/1/92) 3186.40 (14/10/93)	SBC Sement (1/4/87) TARVAN— Weighted Prior (30/8/65) THAILAND	3553.36 3542.26 350	ii 23 3251.23 ii 5.75 974.48	5391.63 (30/1/92) 998.44 (25/1/93)	667.84 MWS
Myma	28 HIGH LOW 154 278242 328887 (15/1482) 2532.91 (17/11/82) 147 3307.92 3688.00 (16/1/92) 3192.40 (14/10/82) 112 7744.52 1537.59 (16/1/82) 1663.18 (14/10/82)	SBC Sement (1A/67) TANYAN** Weighied Price (30/8/65) THAELAND Benglock SET (30/4/75) WORLD	3553.38 3542.26 350 975.26 959.80 96		5391.63 (30/1 <i>9</i> 2) 998.44 (25/1/93) 542.10 (7/1/93)	867.84 (19/5 487.50 (8/4/
Myma	28 H9GH LOW  154 2782.42 32887 (15/192) 2529.91 (17/192)  47 3307.92 3682.00 (16/192) 3182.40 (14/10/82)  12 7744.52 1837.59 (16/192) 1663.18 (14/10/82)  100 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	SBC Bernard (14467) TARYAN— Wedpiese Plots (3MM66) 3 THAIL AND Bengkok SET (304475) WORLD M.S. Capital Int (141770) S. Expital Int (141770) S. Expital Int (141770) Sauring January 30: Tahan Weigh	3553.38 3542.26 351 975.26 959.80 96 499.6 496.8 4 885.44 585.57 86	5.75 974.48 198.9 497.8 14.47 877.73	998.44 (25/1/85) 542.10 (7/1/85) 978.55 (25/5/95)	487.50 (8/4/ 772.52 (5/10
Myers   3,525,700   55%   7 My	28 HIGH LOW 154 278242 328887 (15/1482) 2532.91 (17/11/82) 147 3307.92 3688.00 (16/1/92) 3192.40 (14/10/82) 112 7744.52 1537.59 (16/1/82) 1663.18 (14/10/82)	SBC General (114/87) **TANYAN*** **Brighted Phos (30/8/65) **STHARLAND **Brighted SET (30/4/75) **WORLD **WORLD **SL Capabol ##1/4/1/10, 5 **Exro Top-100 (26/8/98)	3553.38 3542.26 350 975.26 959.80 96 499.6° 496.8 4 895.44 895.57 80 Med Prize: 3,374.56, Knos. 6	15.75 974.48 196.9 497.8 14.47 877.73 Domp Ex. 670.54	998.44 (25/1/83) 542.10 (7/1/82) 978.55 (25/5/92)	467.50 (8/4/ 772.52 (5/10) physical at 15.00

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FINANCIAL TIMES

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# give equities a lift

Wall Street

A combination of strong corporate results, the successful completion of Chrysler's huge share offering and firmer stock-index futures provided US stock markets with a big lift yesterday, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was up 43.23 at 3,371.90. The mors broadly-based Stan-dard & Poor's 500 was 3.29 higher at 445.85, while the Amex composite was up 2.22 at 414.40, and the Nasdaq composite 3.76 firmer at 708.88. Trading volume on the NYSE was 210m shares by 1 pm.

There was no single factor behind yesterday's big gains. The markets, bowever, were delighted at the way Chrysler's \$1.78bn stock sale went on Tuesday. Strong demand from investors pushed up the price of the offering late in the day, allowing the carmaker to issue more shares, making it the second largest public stock offer-ing in US history. The decision by Standard & Poor'a, the big ratings ageocy, to upgrade its ratings on Chrysler's debt yesterday also boosted sentiment. Other factors driving prices higher were more strong

fourth quarter earnings, notably from Salomon and Minota Mining & Manufacturing, higher bond prices, and demand for stock-index futures in the Chicago derivatives markets. The economic back-ground was also positive, with the string of recent bullisb data pointing to solid growth.

MEXICO extended its run of weakness on higher interest rates, fears of equity oversupply and worries about delays in the approval of the NAFTA free trade agreement. The IFC index fell another 40.14, or 2.5 per cent, to 1,584.01 at midses-sion after Tuesday's 2.4 per cent decline, bringing Its fall to 10 per cent since the beginning of 1993.

Chrysler was the most heavily traded stock, with more than 10m shares changing hands following Tuesday's offering. By early afternoon the stock was unchanged at \$38%, the price at which the 46m new shares were sold.

Salomon jumped \$21/4 to 8391/4, a 52-week high, after reporting fourth quarter profits of \$143m, a big turnaround from the \$29m loss incurred at the same stage of 1991.

Minnesota Mining & Manufacturing climbed \$2 to \$100%

In volume of almost 1/2 m shares after the company announced fourth quarter net lncoma of \$289m, up from \$259m a year ago. Although the latest figures were affected by one-off gaina, charges and writedowns, the special factors

JC Panney jumped \$31/4 to \$77 in busy trading after Mr Wayne Hood, an analyst with the broking house Prudential Securities, upgraded his recommendation on the retailer's stock from "hold" to "buy".

cancelled each other out.

In the Nasdaq market, leading issues languished while lesser-known stocks lifted the composite index to record levels. Jimbo's Jumbos rose \$1% to \$6% after Chock Full O'Nuts agreed to sell its 73 per cent stake for \$7 a share to a part-nership headed by the billionaire investor, Mr John Kluge.

TORONTO gained in tandem with Wall Street, although losses in golds and real estate shares restrained activity. By midsession, the TSE-300 index was 11.57 higher st

3,333.4. Actives included Royal Trustco which gained 13 cents to C\$1.39 in heavy trade or speculation that it may soon receive an equity injection.

# Good company results Funny money prospects intrigue Paris

THE prospect of funny money extending into more European equity markets excited dealers in some hourses yesterday, writes Our Markets Staff.

However, international observers noted that the thrill of it all seemed largely absent in Dublin, three days after the Irish devaluation took place. PARIS rose by 2.1 per cent on talk of a franc devaluation. In spite of deep scepticism among traders, the CAC 40

index closed 36.83 higher at 1,824.14, featuring gains in shares with large US operations or dollar earnings. Michelin moved against the trend on talk of earnings down-grades, although BNP denied that it bad cut its earnings forecasts for the tyremaker. The shares fell FFr3 to FFr184.10. Among a general

rise in blue chips, oils extended

their gains on the strong dollar

with Elf FFr14.80 higher at FFr347.80 and Total FFr5.10 better at FFr231.50. NatWest Securities observed yesterday that the market had underperformed its European counterparts, although it had sted a rise since Its low last October. NatWest forecast a 15 per cent appreciation in Paris over the next twelve months. DUBLIN's ISEQ overall index

fell 19.62, or 1.5 per cent to

round in West Germany, the DAX index closing 18.44 higher at 1,601.53, its strongest finish since August last year.

FRANKFURT majored on the

There was renewed speculation about interest rates although Mr Reinhard Fischer of Paribas Capital Markets thought that the Bundesbank would adopt "salami tactics" with interest rate cuts coming in very thin slices this year. Turnover climbed from

DM5bn to DM6.6bn, the recently resurgent Siemens by far the most active stock in DM1.34bn as it rose another DM8.20 to DM614.80. However, there was bigger

share price apside in construction and retailing, regarded as recently underperforming sectors with earnings potential. Gains were led by Hochtief and Holzmann, up DM45 and DM37 to DM1,023 and DM858 respec-tively, and by Kaufhof, DM15 better at DM426.

AMSTERDAM saw Daf marked down to FL 1.65 - 64 per cent below Monday's F14.55 close - as the shares resumed trading in the unofficial sector of the bourse. By the close, the price had picked up to FI 1.80.

Overall the bonrse was mixed with the CBS Tendency

to boost prices, Industrial Bank

Kyocera expanded the previ-ous day's losses, falling Y50 to

Y4,310. Concerns over a law-

suit filed by IBM of the US

against Kyocera's use of its

software programs depressed

sentiment. Isuzu Motors was

the most active issue of the

In Osaka, the OSE average

rose 104.04 to 18,673.09 in vol-

day, rising Y8 to Y380.

ume of 43.4m shares.

Roundup

Y1.200.

THE EUROPEAN SERIES Open 10.30 11.60 12.00 13.98 14.00 15.00 Close FT-SE Enrotrack 100 1891.97 1993.44 1093.13 1094.36 1095.55 1094.56 1096.18 1097.03 FT-SE Enrotrack 200 1157.72 1157.93 1157.85 1159.86 1160.15 1160.21 1165.09 1171.25 Jan 29 Jen 28 Jen 27 1072.70 1148.06 1158.83 1148.15 Base value 1000 (25/10/30) High/day 100 - 109/64; 200 - 1171 25 Law/day 100 - 1091 38 200 - 1155 94

FT-SE Actuaries Share Indices

depressed its creditors. ABN Amro, estimated to have lent Fl 1.25bn to the truckmaker, dipped 40 cents to F1 \$1.30; ING, which has a 10.6 per cent Daf holding, shed 10 cents in early trading but picked up to end

unchanged at Fl 58.40. Reports that Fokker was seeking a Fl 1bn loan from the Nationale investeringsbank, in case Deutsche Aerospace abandons its takeover plans, left the Dutch aircraft maker Fl 3.30 lower at Fl 10.20.

Nedlloyd, the transport company, fell Fl 2.50 to Fl 26.30 after rumours, denied by the company, that its banks were halting its credit lines. KLM fell Fl 1.90 amid con-

cern over results due today. MILAN was mixed with domestic investors dominating trading. The Comit index

A generally bullish trend in much of the industrial sector passed Olivettl by as the share fell L64 lire to L1,899 following Tuesday'a confirmation from Mr Carlo De Benedetti, its chairman, of a 1992 operating

Montedison fixed unchanged but rose to L1,220 after-hours and its parent Ferruzzi Finanziaria was L55 ahead at L1,205 on renewed speculation that it was planning to sell its Farmitalia Carlo Erba subsidiary to Kabi Pharmacia, the pharmaceutical arm of Sweden's Procordia which refused to com-

loss of L300bn-L350bn.

STOCKHOLM turned lower as the white goods maker. Electrolux, said that it plans to halve Its 1992 dividend, leaving investors concerned that other companies could follow suit. Electrolux B shed SKr13 to SKr212 on the dividend cut and

the Affirsvärlden index fell 6.0

Volvo B was the day's most heavily traded issue, falling SKrs to SKr373 in turnover of SKr124m, partly on concern about possible US import tar-

Ericsson moved in the opposite direction, adding SKr2 to SKr177 as it announced a new SKr1.2bn defence contract, Procordia rose SKr3 to SKr175.

ZURICH had a mlxed day nd the SMI Index rose 1.9 to 2.120.6. SBC bearers rose SFr7 to SFr337 in response to the Tuesday's announcement that had lifted parent company net profit and planned to switch its certificates into bearer shares and to split the registered

MADRID rose strongly io active trade, supported by strong foreign buying. The general index closed 2.42 higher at 236.40, a new high for the year. Volume was strong, although down from Tuesday's down from Tuesday Pta26.6bn at around Pta19bn.

Telefonica was highly active as it hit an intraday record high of Pta1,360 before subsiding to Ptal,330, up Ptal5. Banco Bilbao Vizcaya (BBV) also attracted overseas fund managers, impressed with its fourth quarter earnings. BBV shares rose Pta100 to Pta2,860.

# Buenos Aires eases back after rollercoaster ride

John Barham on prospects for Argentine equities

going to be a smooth ride, but even hard bitten players of the developing world's equity markets have had an uncomfortable time over the last few months.

After crashing 48 per cent in the second half of 1992, and then recovering strongly through until mid-January, the market bas seen its upward surge peter ont. Yesterday the Merval index closed at 413.38, 3 per cent down since the beginning of the year.

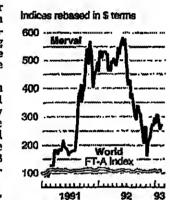
Brokers, eternal optimists. say that this will be the year when Buenos Aires finally breaks with its speculative past and starts growing into a Although they have been saying this for a long time, and even though Argentines still play the market as if it were a casino, as long as Argentina's free market reforms remain on track its equity markets will probably remain attractive.

Mr Eduardo Tapia, director general of Baring Securities Argentine SA. doubts that there much chance of a repeat of the 1991 boom which drove prices up by 372 per cent, because investors' funds,mresources and new share issues waiting to hit the market will cancel each other out. "There will not be a boom," says Mr Tapia, "bnt a positive trend all

along the year." This hypothesis has its weaknesses. Argentine shares are not exactly cheap. Baring's forecasts indicate a price earnings ratio of 13.1 for the market this year, against 16.9 for 1992. On the other side of the coin, there is no underestimating Argentines' herd instinct. On Friday, within minutes of the government announcing new measures deregulating financ-

Latest prices were unavailable for this edition.

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ing markets, share prices began rising, to close 9 per

Argentines account for twothirds of market turnover. As soon as they notice foreigners entering the market in force, which is widely believed to signal a change in market fortunes, they too frantically pile in and push prices to unsus-

This situation could lead to a sharp downward correction which would shake the market. deflect capital from Argentina and discourage new companies from entering the market. About three dozen new companies are in the pipeline for a market debut at the momeot.

The greatest fear of all surrounds President Carlos Menem's determination to amend the constitution, which hans re-election of incumbents. and so stand for re-slection when his term ends in 1995. To do so, he must sweep congressional elections slated for this autumn and win two-thirds of the seats in the lower house of

Investors worry that Mr Menem will slacken his reforms to win the elections. Alternatively, defeat could fatally damage his anthority. Any sign of political compromise or weakness could lead to a massive capital outflow, further undermining confidence.

Pessimists point to the government's failure to win passage through Congress of key labour and social security reforms. Trade unions, which still retain considerable influence, are successfully resisting both measures, which would reduce companies' costs and create a private pension fund system, the basis of any modern stock market. Disquiet over Mr Menem's

future is likely to grow in the

second half, as election day heated economy, which the government says grew 9 per cent in 1992, settles down to growth of about 3-4 per cent. But analysts say that this scenario should not be overrated. The government's credibility is based on maintaining the pace of reform. Devaluation of the overvalued peso is

undoubtedly embarked on a "dramatic reform process", he says, but he warns local investors, in particular, not to hold their breath. Argentina set out two years ago on a road that took 20 years to bear fruit in Chile, and 10 years in Mexico.

JOHANNESBURG closed steady to firmer, but unim-pressed by a possible easing in they wanted a bank rate cut as the overall index ended 5 higher at 3,457. Industrials

#### ASIA PACIFIC Tokyo rises ahead of land auction result

Tokyo

SHARE PRICES surged on expectations of an imminent discount rate cut, but the Nikkei average lost most of the gains on profit-taking to close marginally higher, writes Emiko Terazono in Tokyo.

The Nikkel average ended 35.72 ahead at 17,222.03. The index, which dipped to the day's low of 17,214.21 in the morning session, shot up to a high of 17.419.18 on reports of a possible 0.75 percentage point cut in the discount rate this

Volume rose to 340m shares from 244m and gains led declines by 651 to 309, with 187 issues unchanged. The Topix index of all first section stocks rose 5.79 to 1,307.60, its seventh consecutive rise. In London. the ISE/Nikkel 50 index fell

Prices remained firm for lation of a rate cut from 3.25 per cent to 2.5 per cent, which would match the all-time low seen during the so-called "bubble boom" from 1987 to 1989. On the money market, rates on three-month certificates of deposit fell to a record low of taking took the yield on the 10 year No 145 benchmark bond

monetary policy. Dealers said slipped 8 to 4,536 and the gold index shed 1 point to 893.

margins after a discount rate weighed on a number of the elections; the All Ordinaries cut. Short covering also helped region's markets. index was unchanged at 1,530.2 HONG KONG closed higher, in turnover up from A\$193m to of Japan rose Y10 to Y2,430 and although business slowed to a Sakura Bank gained Y10 to crawl in afternoon trading.

Next Wednesday,

the FT will publish

Investors were awaiting the results of a government land auction which produced record prices, but came after hours. The Hang Seng Index finished 48.27 ahead at 5,710.80 in turnover of HK\$1.6bn. Shares derived early strength from the view that Governor Chris Patten's medical treatment could take some of the heat out of the Sino-British row over the

territory's political future, at least for the time being. AUSTRALIA was restrained by uncertainty over the date

Coles Myer - outdone in

sales growth for the first half by its rival retailer, Woolworths - fell 5 cents to A\$4.50. Nine Network Australia shed 11 cents to A\$2.65, concerned that it might soon face competition from cable televi-

SINGAPORE turned lower. The Straits Times Industrial index fell 8.29 to 1,637.59 in volume of 139.52m shares after setting record highs on three consecutive days. SEOUL picked up after late intervention by institutional investors Political considerations and outcome of the federal and the composite index at 3,553.36.

KUALA LUMPUR was broadly higher after an uncertain start, extending Tuesday's gains. The composite index rose 10.86 to 639.24. JAKARTA was led up by the banking sector as the composite index rose

10.86 to 639.24. BANGKOK saw sclective buying in some blg banks and properties take the SET index

.46 higher to 975.26. TAIWAN rose for the fourth straight day in a rally sparked by an easing of political tensions after Premier Hau Peltsun announced he would resign. The weighted index, which was up about 50 points at one stage, closed 11.10 ahead

#### also ruled out for political reathe new year's up by 6 basis points to 4.34 per sons and because Argentina's big companies - traditionally, Equity investors took profits powerful supporters of a cheap after the intraday rise. Valuaso - have taken on heavy tions for the current market, hard currency debts. with the Nikkei at an price-earnings ratio of 55, are ompanies that restruchonours list. also regarded as too expensive ture are going to be by some investors. OK", says Mr Christo-pher Ecclestone, equities ana-Some leading banks were higher on hopes of larger profit lyst at the Buenos Aires brokers Elizalde & Cla. Argentina'a big companies are **SOUTH AFRICA**

# (A survey of the top 500 companies in Europe.)

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#### FT-ACTUARIES WORLD INDICES

Jointly compiled by Tha Financia) Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited In conjunction with the (institute of Actuaries and the Faculty of Actuar)es

REGIONAL MARKETS			TUES	DAY FEB	RUARY	2 1983			'	HONDAY	PEDITUA	RT 1 130	<u> </u>		LAR INI	<u> </u>
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Doller Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1982/93 High	1992/93 Low	Yesr ago (approx)
Australis (68)	121.05	+0.5	124,11	95.53	103.34	118.63	+0.0	4.10	120,49	122.90	95.17	102.55	118.69	153.68	108.18	143.44
Austria (18)	139.50	-0.1	143.03	110.10	118.09	118.21	+0.8	1.68	168.63	142.42	110.28	118.83	118.44	186.70	131.18	176.44
Beiglum (42)	139.68	-0.2	143,42	110.39	118.41	116.77	+0.2	5.17	140.22	143.02	110.74	119,33	118.53	152.27	131.18	142.67
Cenade (113)	114.53	+0.3	117.22	90.22	67.59	104.52	+0.2	3.18	113.98	118.28	90.02	95.99	104.32	142.12	111.36	137.41
Denmark (53)	204.43	+0.3	209,60	151.34	174.52	176.14	+0.7	1.55	203.81	207.99	181.03	173.54	174.93	273.94	181.70	265.35
Finland (23)	67.20	-0.6	68,90	53.03	57.37	79.33	-0.8	1.78	67.60	68.95	53.39	57.53	78.94	89.80	52.84	67.54
France (96)	142.80	-0.3	148.52	112.77	121.98	124.52	+0.1	3.60	143.28	146.15	118.18	121.93	124.40	188.75	136.93	150.78
Germany (62)	105.57	-0.4	108,24	83.32	90.12	90.12	-0.1	2.53	105.96	108.08	83.70	90.18	80.18	129.69	101.59	119.68
Hong Kong (55)	225.77	-0.8	231,48	178.17	182.74	224.19	-0.5	4.03	227.58	232,11	179.73	193.68	225.81	262.28	176.38	193.89
reland (16)	136.80	-0.9	140.36	108.04	116.86	129.94	-0.3	4.08	168.08	140.84	109.06	117.51	130.32	173.71	122.98	171.00
taly (76)	59.13	+0.2	60,63	46.57	50.48	67.39	+0.9	8.06	58.03	60.21	46.82	80.23	68.78	80.86	47.47	78.85
Japan (472)	104.75	+0.2	107,40	82.67	89,43	82.67	+0.1	1.90	104.56	106.65	82.58	89.00	82.58	140.95	87.27	127.4
Malaysia (69)		+ 0.7	267.96	206.24	223.10	264.21	+0.8	2.S1	259.62	264.81	206.04	220.95	262.17	282,42	212.49	228.19
Mexico (18)	1587.48	+ 1.0	1607.15	1237.05	1338,12	5318.22	+1.0	1.13	1551.31	1582.36	1225.27	1320.28	5261.36	1789.77	1185.84	1525.78
Netherland (25)	153.1S	-0.5	157.03	120.87	130.75	129.18	-0.2	4.40	153.90	156.98	121.55	130.98	129.68	169.70	147.86	153.36
New Zealand (13)	41.95	+0.7	43.01	33.11	35.81	43.21	+0.8	5.08	41.66	42.49	32.90	35.46	43.07	48.52	37.59	45.3
Norway (22)	140.01	-0.2	143.55	110,50	118.53	132.69	+0.1	1.82	140.22	143.03	110.75	118.34	132.52	192.95	128.05	181.83
Singapore (38)	221.51	+0.3	227.11	174.81	189.09	168.22	+0.8	1.88	220.92	225.34	174.49	168.02	167.78	229.63	179.65	224.4
South Africa (60)	182.57	+2.0	186.88	128.29	138,77	166.44	+0.6	3.06	159.33	162.52	125.84	135.60	165.44	263.60	184.21	248.37
Spain (47)	126.88	+1.7	129.86	99.86	108.12	111.83	+21	5.42	124.58	127.03	88.40	106.03	109.48	181.72	107.10	158.07
Sweden (36)	152.83	+0.0	156.70	120.62	130.47	168.10	-0.4	2.55	152.77	155.83	120.68	130.02	168.77	200.28	149.69	183.18
Switzerland (56)	110.73	-0.3	113.54	87.40	94.54	104.59	+0.1	2.04	111.11	113.34	67.77	84.58	104.53	122.37	95.99	101.18
United Kingdom (226)	165.34	- 1.0	169.52	130.47	141.13	169.52	-0.S	4.39	167.05	170.40	181.93	142.18	170.40	200.07	181.68	183.47
USA (522)	180.99	+ 0.0	185,57	142.84	154.51	180.99	+0.0	2.79	180.96	184.58	142.93	154.01	180.96	180.99	160.92	168.93
Europe (780)	134.15	-0.5	137,54	105.87	114.52	128,99	-0.1	3.71	134.83	137.53	103,49	114.75	127.10	158.88	181.31	148.18
Nordic (114)	144.30	+0.0	147,95	113.88	123.18	140.50	-0.1	2.18	144.25	147.14	113.84	122.77	140.65	188.52	141.24	184.6
Pacific Basin (715)	109.44	+0.2	112.20	86.37	93.42	68.22	<b>+ 0.1</b>	1.36	109.26	111.45	86.80	92.69	68.16	141,97	93.70	129.84
uro – Pacific (1495)	118.43	<b> 0.1</b>	122.45	94.24	101.95	103.67	+0.0.	2.44	118.60	121.99	94.48	101.78	103.67	145.21	113.80	137.48
North America (635)	176.68	+ 0.0	181,34	139.80	151.01	175.82	+no	2.51	175.81	180.35	139.87	150.50	175.77	17S.88	158.70	166.90
urope Ex. UK (554)	115.07	-0.1	117.88	80.83	88.25	103.80	+0.2	3.24	115.23	117.53	81.03	98.09	103.58	132.98	111.33	126.75
acitic Ex. Japan (243)	155.45	+ 0.0	159.38	122.70	132.71	144.74	-0.2	3.68	155.46	158.57	122.80	132.32	144.98	175.31	146.03	153.22
Voric Ex. US (1686)	120.63	-0.1	123,68	85.21	102.98	105.68	+n0	2.48	120.73	123.15	95,36	102.75	106.84	146.91	115.99	139.53
World Ex. UK (1982)	137.61	+0.1	141.08	108.51	117.49	124.83	+ <b>n</b> 1	2.40	137.51	140.27	108,62	117.05	124,72	180,58	127,21	145.06
Norte Ex. So. At. (2148)	139.95	-0.1	143,52	110.48	1 18.S1	126.40	+0.0	2.60	140.06	142.86	110,63	118.21	128.38	153.05	130.04	147.75
World Ex. Japan (1736)	15 <del>9</del> .96	- 0.1	184.01	126.25	136.58	155.67	+0.0	3.14	180.1S	163.35	126.80	136.32	155.68	165.40	151.93	160.85
The World Index (2208)	140.08	+0.0	143,58	110.52	118.55	128.73	+0.0	2.80	140.09	142.89	110.85	119.23	128.73	153.70	130.86	148.40